



See what's possible.

LINCOLN UNIFIED SCHOOL DISTRICT
OF SAN JOAQUIN COUNTY
STOCKTON, CALIFORNIA

FINANCIAL STATEMENTS

JUNE 30, 2023

LINCOLN UNIFIED SCHOOL DISTRICT
TABLE OF CONTENTS
JUNE 30, 2023

FINANCIAL SECTION

| | |
|---|----|
| Independent Auditors' Report | 1 |
| Management's Discussion and Analysis | 4 |
| Basic Financial Statements: | |
| Governmental-wide Financial Statements | |
| Statement of Net Position | 16 |
| Statement of Activities | 17 |
| Fund Financial Statements | |
| Governmental Funds - Balance Sheet | 18 |
| Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position | 19 |
| Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balances | 21 |
| Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities | 22 |
| Proprietary Fund - Statement of Net Position | 24 |
| Proprietary Fund - Statement of Revenues, Expenses, and Changes in Net Position | 25 |
| Proprietary Fund - Statement of Cash Flows | 26 |
| Fiduciary Fund - Statement of Net Position | 27 |
| Notes to Financial Statements | 28 |

REQUIRED SUPPLEMENTARY INFORMATION

| | |
|---|----|
| General Fund - Budgetary Comparison Schedule | 79 |
| Schedule of Changes in the Net OPEB Liability and Related Ratios | 80 |
| Schedule of Contributions - OPEB | 81 |
| Schedule of the Proportionate Share of the Net OPEB Liability - MPP Program | 82 |
| Schedule of the Proportionate Share of the Net Pension Liability | 83 |
| Schedule of Contributions - Pensions | 85 |
| Note to Required Supplementary Information | 87 |

SUPPLEMENTARY INFORMATION

| | |
|--|----|
| Local Education Agency Organization Structure | 89 |
| Schedule of Expenditures of Federal Awards | 90 |
| Schedule of Instructional Time | 91 |
| Reconciliation of Annual Financial and Budget Report with Audited Financial Statements | 92 |
| Schedule of Financial Trends and Analysis | 93 |
| Schedule of Charter Schools | 94 |
| Combining Statements - Non-Major Governmental Funds | |
| Combining Balance Sheet | 95 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances | 97 |
| Note to the Supplementary Information | 99 |

LINCOLN UNIFIED SCHOOL DISTRICT
TABLE OF CONTENTS
JUNE 30, 2023

OTHER INDEPENDENT AUDITORS' REPORTS

| | |
|---|-----|
| Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 101 |
| Independent Auditors' Report on Compliance For Each Major Federal Program; and Report on Internal Control over Compliance Required by the Uniform Guidance | 103 |
| Independent Auditors' Report on State Compliance | 106 |

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

| | |
|---|-----|
| Summary of Auditors' Results | 110 |
| Financial Statement Findings | 111 |
| Federal Award Findings and Questioned Costs | 112 |
| State Award Findings and Questioned Costs | 113 |
| Summary Schedule of Prior Audit Findings | 114 |

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Governing Board
Lincoln Unified School District
Stockton, California

Report on Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lincoln Unified School District ("the District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Lincoln Unified School District as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lincoln Unified School District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, schedules of changes in the net OPEB liability and related ratios, schedule of contributions – OPEB, schedule of the proportionate share of the net pension liability, and schedule of contributions - pensions as identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lincoln Unified School District's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis as required by the State's audit guide, 2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting prescribed in Title 5, California Code of Regulations, Section 19810 and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information, is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 15, 2023 on our consideration of Lincoln Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lincoln Unified School District's internal control over financial reporting and compliance.



San Diego, California
December 15, 2023

**LINCOLN UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

This section of Lincoln Unified School District's (the "District") annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2023. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the Lincoln Unified School District using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34.

The *Government-Wide Financial Statements* present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities. These statements include all assets of the District as well as all liabilities (including long-term debt). Additionally, certain eliminations have occurred as prescribed by the statement in regard to interfund activity, payables and receivables.

The *Governmental Activities* are prepared using the current financial resources measurement focus and modified accrual basis of accounting.

The *Fund Financial Statements* include statements for each of the three categories of activities: governmental, proprietary and fiduciary. The District does not have any business type activities.

The *Proprietary Activities* are prepared using the economic resources measurement focus and the accrual basis of accounting.

Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach.

The Primary unit of government is the Lincoln Unified School District. The Community Facility District No. 1 is a component unit of the District. Separate financial statements for the Community Facilities District No. 1 are not prepared.

**LINCOLN UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities. These statements include all assets and liabilities of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net assets and changes in them. Net assets are the difference between assets and liabilities, one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position are one indicator of whether its *financial health* is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

The relationship between revenues and expenses is the District's *operating results*. Since the governing board's responsibility is to provide services to our students and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of the District. The quality of the education and the safety of our schools will likely be an important component in this evaluation.

In the *Statement of Net Position* and the *Statement of Activities*, we present the District's activities as follows:

Governmental Activities – Most of the District's services are reported in this category. This includes the education of kindergarten through grade twelve students, adult education students, the operation of child development activities, certificates of participation and the on-going effort to improve and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State and local grants, as well as general obligation bonds, finance these activities.

**LINCOLN UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money that it receives from the U.S. Department of Education.

Governmental Funds – The District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The difference of results in the governmental fund financial statements to those in the government-wide financial statements is explained in a reconciliation following each governmental fund financial statement.

Proprietary Funds – When the District charges users for the service it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *Statement of Net Position* and the *Statement of Revenue, Expenses and Changes in Fund Net Position*. We use internal service funds (a component of proprietary funds) to report activities that provide supplies and services for the District's other programs and activities – such as the District's Self-Insurance Fund. The internal service funds are reported with governmental activities in the government-wide financial statements.

**LINCOLN UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

FINANCIAL HIGHLIGHTS

THE DISTRICT AS A WHOLE

Net Position

The District's net position was \$45.63 million and \$5.76 million for the fiscal years ended June 30, 2023 and 2022, respectively. Our analysis below focuses on the net position; and the changes in net position; of the District's governmental activities. The decrease in long-term obligations and deferred outflows of resources is directly related to GASB statement No. 75 related to the net OPEB liability and GASB Statement No. 68 related to pensions.

| | Governmental Activities | | |
|---|--------------------------------|---------------------|----------------------|
| | 2023 | 2022 | Net Change |
| ASSETS AND DEFERRED OUTFLOWS | | | |
| Current and other assets | \$ 122,399,627 | \$ 86,609,373 | \$ 35,790,254 |
| Capital assets | 138,044,319 | 141,140,369 | (3,096,050) |
| Non-capital assets | 982,969 | 1,075,607 | (92,638) |
| Deferred outflows | 30,039,497 | 24,732,436 | 5,307,061 |
| Total Assets and Deferred Outflows | 291,466,412 | 253,557,785 | 37,908,627 |
| LIABILITIES AND DEFERRED INFLOWS | | | |
| Current liabilities | 17,249,380 | 19,361,350 | (2,111,970) |
| Long-term liabilities | 214,939,989 | 181,744,945 | 33,195,044 |
| Deferred inflows | 13,648,230 | 46,689,658 | (33,041,428) |
| Total Liabilities and Deferred Inflows | 245,837,599 | 247,795,953 | (1,958,354) |
| NET POSITION | | | |
| Net investment in capital assets | 24,422,044 | 22,934,372 | 1,487,672 |
| Restricted | 46,136,696 | 26,834,188 | 19,302,508 |
| Unrestricted | (24,929,927) | (44,006,728) | 19,076,801 |
| Total Net Position | \$ 45,628,813 | \$ 5,761,832 | \$ 39,866,981 |

The \$(24.93 million) as of June 30, 2023 in unrestricted net position of government activities represents the accumulated results of all past years' operations. The June 30, 2023 unrestricted net position increased by \$19.08 million as compared to June 30, 2022.

**LINCOLN UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Changes in Net Position

The results of the 2022-23 operations for the District as a whole are reported in the *Statement of Activities* on page 17. Net position increased by \$39.87 million due to operating activities.

| | Governmental Activities | | |
|------------------------------------|--------------------------------|---------------------|----------------------|
| | 2023 | 2022 | Net Change |
| REVENUES | | | |
| Program revenues | | | |
| Charges for services | \$ 227,471 | \$ 269,096 | \$ (41,625) |
| Operating grants and contributions | 56,979,051 | 30,535,533 | 26,443,518 |
| Capital grants and contributions | 132,956 | 20,931 | 112,025 |
| General revenues | | | |
| Property taxes | 29,356,402 | 28,594,692 | 761,710 |
| Unrestricted federal and state aid | 92,658,882 | 79,067,946 | 13,590,936 |
| Other | 3,650,289 | 1,497,730 | 2,152,559 |
| Total Revenues | 183,005,051 | 139,985,928 | 43,019,123 |
| EXPENSES | | | |
| Instruction | 73,595,353 | 62,894,950 | 10,700,403 |
| Instruction-related services | 9,589,298 | 7,852,579 | 1,736,719 |
| Pupil services | 17,310,715 | 13,459,934 | 3,850,781 |
| General administration | 7,761,156 | 6,221,347 | 1,539,809 |
| Plant services | 15,951,784 | 13,040,766 | 2,911,018 |
| Ancillary services | 1,180,784 | 1,049,144 | 131,640 |
| Community services | 42,410 | 34,767 | 7,643 |
| Interest and other charges | 5,045,179 | 4,821,858 | 223,321 |
| Other outgo | 3,975,561 | 3,474,447 | 501,114 |
| Depreciation (Unallocated) | 8,605,495 | 9,059,958 | (454,463) |
| Total Expenses | 143,138,070 | 121,909,750 | 20,958,348 |
| Change in net position | 39,866,981 | 18,076,178 | 21,790,803 |
| Net Position - Beginning | 5,761,832 | (12,314,346) | 18,076,178 |
| Net Position - Ending | \$ 45,628,813 | \$ 5,761,832 | \$ 39,866,981 |

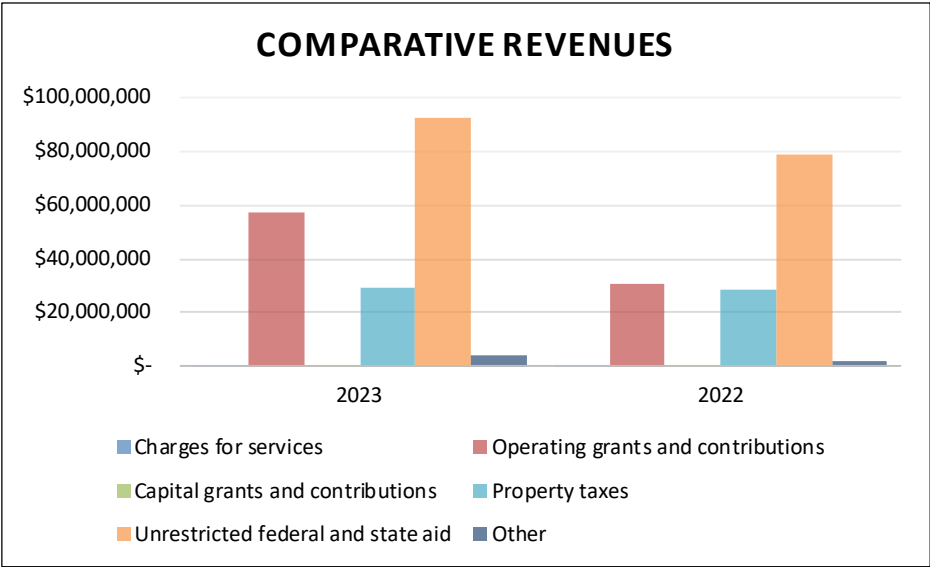
Governmental Activities

As reported in the *Statement of Activities* on page 17, the cost of all of our governmental activities for the years ended June 30, 2023 and 2022 were \$143.06 million and \$121.91 million, respectively. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$29.36 million and \$28.59 million, respectively, because the cost was paid by those who benefited from the programs (\$0.23 million and \$0.27 million, respectively) or by other governments and organizations who subsidized certain programs with grants and contributions (\$56.98 million and \$30.56 million respectively). We paid for the remaining "public benefit" portions of our governmental activities with \$92.66 million and \$79.07 million, respectively, from other Federal and State sources, and with other revenues, like interest and general entitlements of \$3.65 million and \$1.50 million, respectively.

**LINCOLN UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Schedule of Revenues for Governmental Functions

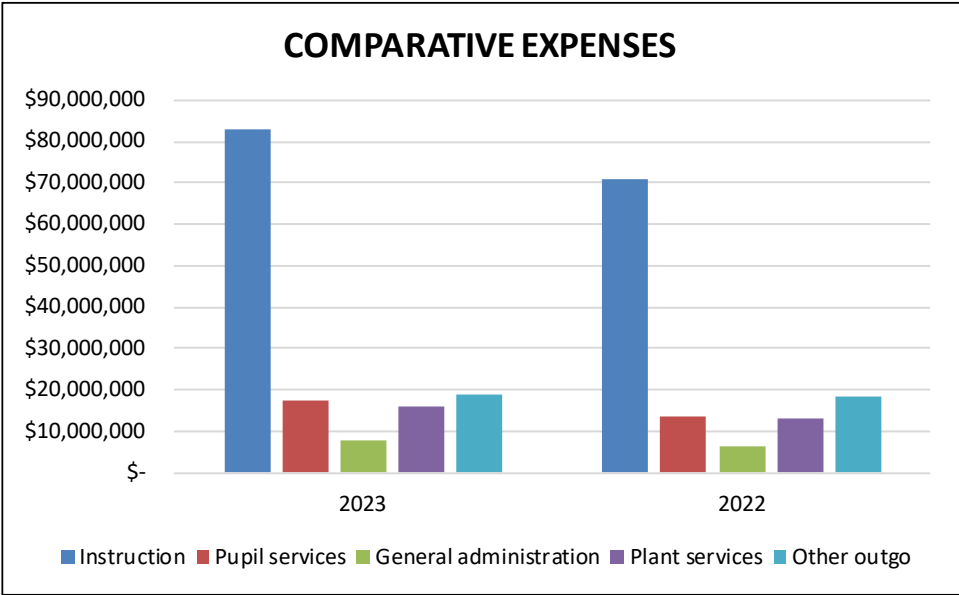
| REVENUES | Percent of | | Percent of | |
|------------------------------------|-----------------------|----------------|-----------------------|----------------|
| | 2023 | Total | 2022 | Total |
| Program revenues | | | | |
| Charges for services | \$ 227,471 | 0.12% | \$ 269,096 | 0.19% |
| Operating grants and contributions | 56,979,051 | 31.14% | 30,535,533 | 21.81% |
| Capital grants and contributions | 132,956 | 0.07% | 20,931 | 0.01% |
| General revenues | | | | |
| Property taxes | 29,356,402 | 16.04% | 28,594,692 | 20.43% |
| Unrestricted federal and state aid | 92,658,882 | 50.63% | 79,067,946 | 56.48% |
| Other | 3,650,289 | 1.99% | 1,497,730 | 1.07% |
| Total Revenues | \$ 183,005,051 | 100.00% | \$ 139,985,928 | 100.00% |



**LINCOLN UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Schedule of Expenses for Governmental Functions

| EXPENSES | Percent of | | Percent of | |
|------------------------|-----------------------|----------------|-----------------------|----------------|
| | 2023 | Total | 2022 | Total |
| Instruction | \$ 83,184,651 | 58.11% | \$ 70,747,529 | 58.03% |
| Pupil services | 17,310,715 | 12.09% | 13,459,934 | 11.04% |
| General administration | 7,761,156 | 5.42% | 6,221,347 | 5.10% |
| Plant services | 15,951,784 | 11.14% | 13,040,766 | 10.70% |
| Other outgo | 18,929,764 | 13.22% | 18,440,174 | 15.13% |
| Total Expenses | \$ 143,138,070 | 100.00% | \$ 121,909,750 | 100.00% |

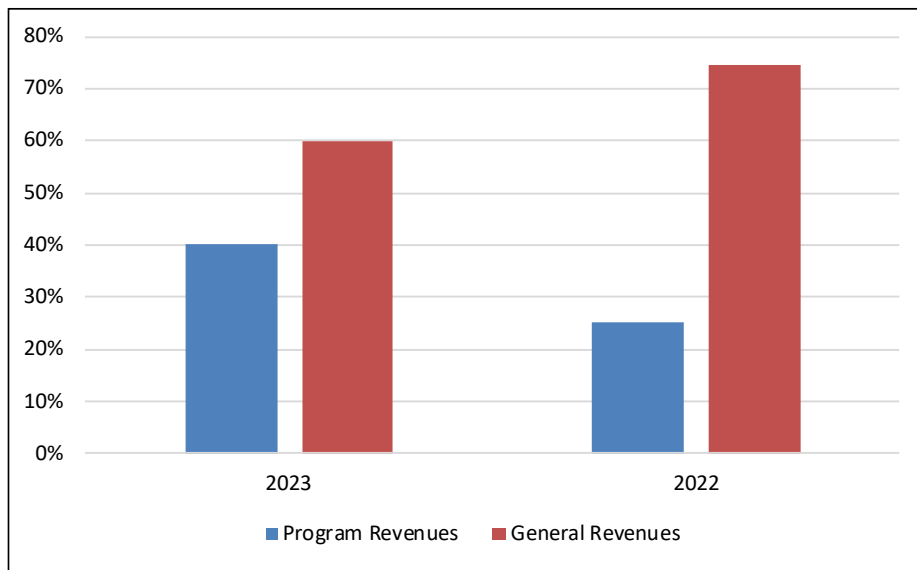


**LINCOLN UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Schedule of Net Costs

We have presented the net cost (total cost less revenues generated by the activities) of each of the District's five largest functions – instruction and instruction related, student support services, administration, maintenance and operations, and other. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

| | Total Cost of Services | | Net Cost of Services | |
|------------------------|-------------------------------|-----------------------|-----------------------------|-------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Instruction | \$ 83,184,651 | \$ 70,747,529 | \$ 45,113,172 | \$ 52,177,002 |
| Pupil services | 17,310,715 | 13,459,934 | 5,744,567 | 4,532,019 |
| General administration | 7,761,156 | 6,221,347 | 5,678,952 | 5,166,680 |
| Plant services | 15,951,784 | 13,040,766 | 12,654,804 | 12,937,374 |
| Other outgo | 18,929,764 | 18,440,174 | 16,607,097 | 16,271,115 |
| Total | \$ 143,138,070 | \$ 121,909,750 | 85,798,592 | 91,084,190 |



Program revenues financed approximately 40 percent of the total cost of providing the services listed above, while the remaining 60 percent was financed by the general revenues of the District.

**LINCOLN UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

THE DISTRICT'S FUNDS

As the District completed the years ended June 30, 2023 and 2022, our governmental and proprietary funds reported a combined fund balance of \$110.33 million and \$75.78 million respectively. This is an increase of \$34.55 million from the prior year.

| | Balances and Activity | | | |
|---|------------------------------|-----------------------|-----------------------|-----------------------|
| | July 01, 2022 | Revenues | Expenditures | June 30, 2023 |
| GOVERNMENTAL FUNDS | | | | |
| General* | \$ 51,839,315 | \$ 159,103,856 | \$ 128,480,779 | \$ 82,462,392 |
| Student Activity Fund | 454,690 | 326,361 | 319,664 | 461,387 |
| Adult Education Fund | - | 103,436 | 103,436 | - |
| Deferred Maintenance | 4,001,921 | 3,781,600 | 2,110,649 | 5,672,872 |
| Charter | 1,541,364 | 6,257,554 | 4,731,068 | 3,067,850 |
| Child Development | 821,759 | 2,341,059 | 2,406,753 | 756,065 |
| Cafeteria | 1,946,087 | 6,166,842 | 4,996,780 | 3,116,149 |
| Capital Facilities | 94,160 | 119,726 | 53,473 | 160,413 |
| County School Facilities Fund | 5,617,519 | 132,956 | 913,116 | 4,837,359 |
| Special Reserve for Capital Outlay Projects | 80,198 | 29 | 80,227 | - |
| Capital Project for Blended Component Units | 1,041,456 | 528,789 | 231,445 | 1,338,800 |
| Bond Interest and Redemption | 6,044,307 | 6,551,812 | 6,406,491 | 6,189,628 |
| Debt Service for Blended Component Units | 1,942,956 | 3,151,879 | 3,101,536 | 1,993,299 |
| Total | \$ 75,425,732 | \$ 188,565,899 | \$ 153,935,417 | \$ 110,056,214 |
| PROPRIETARY FUNDS | | | | |
| Self-Insurance Fund | \$ 355,278 | \$ 917,666 | \$ 998,001 | \$ 274,943 |

General Fund Budgetary Highlights

Throughout the year, the District revised its budget to accommodate unexpected changes in revenues and expenditures. The final revision of the 2022-23 budget was completed June 30, 2023. A schedule showing the District's original and final budget figures compared with amounts actually paid and received is provided in our annual report on page 79.

**LINCOLN UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2023 and 2022, the District had \$138.04 and \$141.14 million, respectively, in a broad range of capital assets net of accumulated depreciation, including land, buildings, furniture and equipment. For 2023 this represents a net decrease (including additions, deductions and depreciation) of \$3.10 million, from the prior year.

| | Governmental Activities | | |
|-----------------------------|--------------------------------|-----------------------|-----------------------|
| | 2023 | 2022 | Net Change |
| CAPITAL ASSETS | | | |
| Land | \$ 18,141,034 | \$ 18,141,034 | \$ - |
| Construction in progress | 6,296,520 | 1,464,735 | 4,831,785 |
| Buildings & improvements | 210,445,775 | 210,414,935 | 30,840 |
| Land improvements | 29,466,705 | 29,283,477 | 183,228 |
| Furniture & equipment | 8,605,506 | 8,204,434 | 401,072 |
| Accumulated depreciation | (134,911,221) | (126,368,246) | (8,542,975) |
| Total Capital Assets | \$ 138,044,319 | \$ 141,140,369 | \$ (3,096,050) |

Long-Term Obligations

At June 30, 2023 and 2022, the District had \$111.05 million and \$112.27 million, respectively, in bonds and other debt outstanding. The bonds were issued for construction projects. Long-term debt obligations consisted of:

| | Governmental Activities | | |
|---|--------------------------------|-----------------------|-----------------------|
| | 2023 | 2022 | Net Change |
| LONG-TERM LIABILITIES | | | |
| General obligation bonds | \$ 62,180,787 | \$ 66,074,855 | \$ (3,894,068) |
| Bond premiums net of amortization | 3,783,337 | 4,263,957 | (480,620) |
| Accreted interest on bonds | 26,501,583 | 24,139,868 | 2,361,715 |
| Community facilities district bonds | 13,526,568 | 15,391,568 | (1,865,000) |
| Certificates of participation | 7,630,000 | 8,145,000 | (515,000) |
| Lease liability | 873,495 | 894,249 | (20,754) |
| Other | 440,841 | 521,780 | (80,939) |
| Less: current portion of long-term debt | (3,884,232) | (7,161,519) | 3,277,287 |
| Total Long-term Liabilities | \$ 111,052,379 | \$ 112,269,758 | \$ (1,217,379) |

Other obligations include compensated absences payable and qualified zone academy bonds.

We present more detailed information regarding our long-term obligations in Note 10 to the financial statements.

**LINCOLN UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2021-22 ARE NOTED BELOW:

Lincoln Unified School District has successfully implemented another year of our Local Control and Accountability Plan (LCAP) which was originally adopted in June 2017. We met with stakeholders and developed a comprehensive plan which has been revised annually. Factors bearing on the district will continue to be enrollment and student attendance, which is key to the District's financial projections. The District's attendance has declined in recent years and this trend has continued. In addition, the increase to employer contributions to CalSTRS and CalPERS has continued and is an area of concern. The District has continued to budget for 1:1 technology for grades TK-12.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET ASSUMPTIONS

The District used the following assumptions in constructing the 2023/24 fiscal budget. The information provided below is current as of July 1, 2023.

Local Control Funding Formula (LCFF)

The LCFF provides base, supplemental and concentrating grants in place of funding sources including revenue limit and most state categorical programs. As part of the LCFF, the district develops, adopts and annually updates a three-year Local Control and Accountability Plan (LCAP) using a template adopted by the California State Board of Education. Due to projected state cuts the district planned for a significant cut to our LCFF.

Key assumptions:

- The local control funding formula (LCFF) and COLA of 8.22% generated an increase of \$9,054,772 in revenues for the 2023-24 fiscal year based on the Governor's May Revision.
- Our P2 attendance is currently down 341.73 (three-year average) which is a decrease of \$-4,544,605 in the 2023-24 budget.
- Salary projections include step and column increases of \$1,628,480 and anticipate salary increases for all units of \$7,012,750.
- Increase of two additional professional development days for all certified staff funded with one-time funding.
- Increase of 12.0 FTE for Prop 28 Art and Music certificated staff, 1.0 FTE for Transitional Kindergarten due to new birthdate adjustments.
- Increase of 5.0 FTE for 20 2-hour Paraprofessionals for extended day Kindergarten funded with restricted Expanded Learning Opportunity Program funds (res 2600). Increase of 1.0 Counselor funded with supplemental and concentration grant funding.
- The PERS rate increased from 25.37% to 26.68% effective July 1, 2023. This is an increase of \$166,735 in expenditures for the 2023-24 unrestricted general fund budget. There are additional costs to restricted funds.
- Special Education costs increased due to additional required SJCOE SELPA programs and 3.31 FTE for Program Specialist, Coordinator of Behavior and Autism Services, a new preschool class and step and column etc. Our total contribution from unrestricted general fund to Special Education increases to \$12,164,955.
- The reserve for economic uncertainties has been maintained at 3.2% or \$4,782,923.

**LINCOLN UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's Finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the District's Associate Superintendent, Business Services, Rebecca Hall, at Lincoln Unified School District, 2010 W. Swain Road, Stockton, California, 95207 or email at rhall@lUSD.net.

LINCOLN UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

| | Governmental Activities |
|---|------------------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 108,227,350 |
| Accounts receivable | 13,804,808 |
| Inventory | 367,469 |
| Lease receivable | 262,875 |
| Intangible right of use assets, net of accumulated amortization | 720,094 |
| Capital assets, not depreciated | 24,437,554 |
| Capital assets, net of accumulated depreciation | 113,606,765 |
| Total Assets | 261,426,915 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred outflows related to refunding | 48,059 |
| Deferred outflows related to OPEB | 1,497,000 |
| Deferred outflows related to pensions | 28,494,438 |
| Total Deferred Outflows of Resources | 30,039,497 |
| LIABILITIES | |
| Accrued liabilities | 10,754,015 |
| Unearned revenue | 2,611,133 |
| Long-term liabilities, current portion | 3,884,232 |
| Net pension liability | 91,146,856 |
| Net OPEB liability | 12,740,754 |
| Long-term liabilities, non-current portion | 111,052,379 |
| Total Liabilities | 232,189,369 |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred inflows related to pensions | 12,214,844 |
| Deferred inflows related to leases | 215,860 |
| Deferred inflows related to OPEB | 1,217,526 |
| Total Deferred Inflows of Resources | 13,648,230 |
| NET POSITION | |
| Net investment in capital assets | 24,422,044 |
| Restricted: | |
| Capital projects | 7,349,206 |
| Debt service | 8,182,927 |
| Educational programs | 26,738,831 |
| Other | 3,865,732 |
| Unrestricted | (24,929,927) |
| Total Net Position | \$ 45,628,813 |

**LINCOLN UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

| Function/Programs | Expenses | Program Revenues | | | Revenues and Changes in Net Position |
|--|-----------------------|-------------------------|--|--|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities |
| GOVERNMENTAL ACTIVITIES | | | | | |
| Instruction | \$ 73,595,353 | \$ 12,947 | \$ 36,065,984 | \$ 132,956 | \$ (37,383,466) |
| Instruction-related services | | | | | |
| Instructional supervision and administration | 1,242,545 | 2,474 | 457,260 | - | (782,811) |
| Instructional library, media, and technology | 1,006,416 | - | 41,074 | - | (965,342) |
| School site administration | 7,340,337 | 832 | 1,357,952 | - | (5,981,553) |
| Pupil services | | | | | |
| Home-to-school transportation | 1,845,467 | 122 | 494,316 | - | (1,351,029) |
| Food services | 4,998,485 | 9,178 | 6,934,954 | - | 1,945,647 |
| All other pupil services | 10,466,763 | 1,783 | 4,125,795 | - | (6,339,185) |
| General administration | | | | | |
| Centralized data processing | 2,407,530 | - | - | - | (2,407,530) |
| All other general administration | 5,353,626 | 1,000 | 2,081,204 | - | (3,271,422) |
| Plant services | 15,951,784 | 3,602 | 3,293,378 | - | (12,654,804) |
| Ancillary services | 1,180,784 | 10,377 | 412,249 | - | (758,158) |
| Community services | 42,410 | - | - | - | (42,410) |
| Interest on long-term debt | 5,045,179 | - | - | - | (5,045,179) |
| Other outgo | 3,975,561 | 185,156 | 1,714,885 | - | (2,075,520) |
| Depreciation (unallocated) | 8,605,495 | - | - | - | (8,605,495) |
| Total Governmental Activities | \$ 143,138,070 | \$ 227,471 | \$ 56,979,051 | \$ 132,956 | (85,798,592) |
| General revenues | | | | | |
| Taxes and subventions | | | | | |
| Property taxes, levied for general purposes | | | | | 19,037,840 |
| Property taxes, levied for debt service | | | | | 6,492,264 |
| Property taxes, levied for other specific purposes | | | | | 3,826,298 |
| Federal and state aid not restricted for specific purposes | | | | | 92,658,882 |
| Interest and investment earnings | | | | | 1,852,591 |
| Miscellaneous | | | | | 1,797,698 |
| Subtotal, General Revenue | | | | | 125,665,573 |
| Change in Net Position | | | | | 39,866,981 |
| Net Position - Beginning | | | | | 5,761,832 |
| Net Position - Ending | | | | | \$ 45,628,813 |

**LINCOLN UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS – BALANCE SHEET
JUNE 30, 2023**

| | General Fund | Capital Project for Blended Component Units Fund | Debt Service for Blended Component Units Fund | Non-Major Governmental Funds | Total Governmental Funds |
|--|----------------------|---|--|------------------------------------|--------------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 82,702,890 | \$ 1,816,693 | \$ 1,498,809 | \$ 21,951,935 | \$ 107,970,327 |
| Accounts receivable | 12,044,741 | 3,643 | 12,954 | 1,741,446 | 13,802,784 |
| Due from other funds | 1,160,938 | 2,638,464 | 3,120,000 | 3,642,753 | 10,562,155 |
| Stores inventory | 201,504 | - | - | 165,965 | 367,469 |
| Total Assets | \$ 96,110,073 | \$ 4,458,800 | \$ 4,631,763 | \$ 27,502,099 | \$ 132,702,735 |
| LIABILITIES | | | | | |
| Accounts Payable | \$ 7,947,381 | \$ - | \$ - | \$ 1,509,956 | \$ 9,457,337 |
| Due to other funds | 3,577,920 | 3,120,000 | 2,638,464 | 1,241,667 | 10,578,051 |
| Ueared revenue | 2,122,380 | - | - | 488,753 | 2,611,133 |
| Total Liabilities | 13,647,681 | 3,120,000 | 2,638,464 | 3,240,376 | 22,646,521 |
| FUND BALANCES | | | | | |
| Nonspendable | 216,504 | - | - | 165,965 | 382,469 |
| Restricted | | | | | |
| Educational programs | 24,392,067 | - | - | 2,346,764 | 26,738,831 |
| Capital projects | 1,012,634 | 1,338,800 | - | 4,997,772 | 7,349,206 |
| Debt service | - | - | 1,993,299 | 6,189,628 | 8,182,927 |
| Child nutrition | 915,548 | - | - | 2,950,184 | 3,865,732 |
| Other restricted | 2,060,128 | - | - | - | 2,060,128 |
| Committed | 22,915,000 | - | - | - | 22,915,000 |
| Assigned | | | | | |
| OPEB (Fund 20) | 6,720,449 | - | - | - | 6,720,449 |
| Other assignments | - | - | - | 7,611,410 | 7,611,410 |
| Unassigned | 24,230,062 | - | - | - | 24,230,062 |
| Total Fund Balances | 82,462,392 | 1,338,800 | 1,993,299 | 24,261,723 | 110,056,214 |
| Total Liabilities and Fund Balances | \$ 96,110,073 | \$ 4,458,800 | \$ 4,631,763 | \$ 27,502,099 | \$ 132,702,735 |

**LINCOLN UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023**

Total Fund Balance - Governmental Funds \$ 110,056,214

statement of net position are different from amounts reported in governmental funds because:

Capital assets:

In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation:

| | | |
|--------------------------|----------------|-------------|
| Capital assets | \$ 272,955,540 | |
| Accumulated depreciation | (134,911,221) | 138,044,319 |

Unmatured interest on long-term debt:

In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatrued interest owing at the end of the period was:

(1,296,678)

Right to use leased assets:

In governmental funds, right to use leased assets are not financial resources and therefore are not reporting in the funds. In the statemnt of net position, all assets are reported, including right to lease assets and accumulated amortization:

720,094

Lease receivable:

In governmental funds, a lease receivable is not financial resources and therefore are not reporting in the funds. In the statemnt of net position, all assets are reported, including lease receivables:

262,875

Long-term liabilities:

In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported.

Long-term liabilities relating to governmental activities consist of:

| | | |
|----------------------------------|---------------|---------------|
| Net pension liability | \$ 91,146,856 | |
| Net OPEB liability | 12,740,754 | |
| General obligation bonds | 62,180,787 | |
| Bond premium net of amortization | 3,783,337 | |
| Accreted interest on bonds | 26,501,583 | |
| Community facilities bonds | 13,526,568 | |
| Certificates of participation | 7,630,000 | |
| Lease liability | 873,495 | |
| Compensated absences | 440,841 | (218,824,221) |

**LINCOLN UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023**

Deferred outflows of resources relating to bond refunding:

In governmental funds, deferred outflows of resources resulting from defeasance of debt are not recorded. In governmental activities, for advance refunding resulting in defeasance of debt reported in governmental activities, the difference between reacquisition price and the net carrying amount of the retired debt are reported as a deferred outflow of resources.

48,059

Deferred outflows and inflows of resources relating to pensions:

In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported:

| | | |
|--|---------------------|------------|
| Deferred outflows of resources relating to pensions: | \$ 28,494,438 | |
| Deferred inflows of resources relating to pensions: | <u>(12,214,844)</u> | 16,279,594 |

Deferred outflows and inflows of resources related to other postemployment benefits (OPEB):

In governmental funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported:

| | | |
|---|--------------------|---------|
| Deferred outflows of resources relating to OPEB | \$ 1,497,000 | |
| Deferred inflows of resources relating to OPEB | <u>(1,217,526)</u> | 279,474 |

Deferred outflows and inflows of resources related to leases:

In governmental funds, deferred outflows and inflows of resources relating to leases are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to leases are reported:

| | | |
|--|---------------------|-----------|
| Deferred inflows of resources relating to leases | <u>\$ (215,860)</u> | (215,860) |
|--|---------------------|-----------|

Internal service fund:

An internal service fund is used by the District's management to charge the costs of the proprietary and liability insurance programs to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities.

274,943

Total Net Position - Governmental Activities

\$ 45,628,813

**LINCOLN UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2023**

| | General Fund | for Blended Component Units Fund | Blended Component Units Fund | Non-Major Governmental Funds | Total Governmental Funds |
|--|----------------------|--|------------------------------------|------------------------------------|--------------------------------|
| REVENUES | | | | | |
| LCFF sources | \$ 102,923,888 | \$ - | \$ - | \$ 5,281,287 | \$ 108,205,175 |
| Federal sources | 15,624,890 | - | - | 4,180,624 | 19,805,514 |
| Other state sources | 31,821,995 | - | - | 5,165,064 | 36,987,059 |
| Other local sources | 8,233,083 | 528,789 | 3,151,879 | 8,053,268 | 19,967,019 |
| Total Revenues | 158,603,856 | 528,789 | 3,151,879 | 22,680,243 | 184,964,767 |
| EXPENDITURES | | | | | |
| Current | | | | | |
| Instruction | 73,724,771 | - | - | 4,764,423 | 78,489,194 |
| Instruction-related services | | | | | |
| Instructional supervision and administration | 967,345 | - | - | 343,034 | 1,310,379 |
| Instructional library, media, and technology | 953,008 | - | - | 48,383 | 1,001,391 |
| School site administration | 7,182,695 | - | - | 673,988 | 7,856,683 |
| Pupil services | | | | | |
| Home-to-school transportation | 1,905,981 | - | - | 7,950 | 1,913,931 |
| Food services | 302,048 | - | - | 4,844,722 | 5,146,770 |
| All other pupil services | 10,980,939 | - | - | 104,039 | 11,084,978 |
| General administration | | | | | |
| Centralized data processing | 2,368,470 | - | - | 16,168 | 2,384,638 |
| All other general administration | 4,260,314 | - | - | 1,174,701 | 5,435,015 |
| Plant services | 15,705,906 | 35,781 | - | 248,530 | 15,990,217 |
| Facilities acquisition and maintenance | 1,919,999 | - | - | 3,169,564 | 5,089,563 |
| Ancillary services | 872,435 | - | - | 319,664 | 1,192,099 |
| Community services | 41,986 | - | - | - | 41,986 |
| Transfers to other agencies | 2,781,425 | - | - | - | 2,781,425 |
| Debt service | | | | | |
| Principal | - | 190,749 | 2,380,000 | 3,894,068 | 6,464,817 |
| Interest and other | - | 4,915 | 721,536 | 2,512,423 | 3,238,874 |
| Total Expenditures | 123,967,322 | 231,445 | 3,101,536 | 22,121,657 | 149,421,960 |
| Excess (Deficiency) of Revenues Over Expenditures | 34,636,534 | 297,344 | 50,343 | 558,586 | 35,542,807 |
| Other Financing Sources (Uses) | | | | | |
| Transfers in | 500,000 | - | - | 3,101,132 | 3,601,132 |
| Transfers out | (4,513,457) | - | - | - | (4,513,457) |
| Net Financing Sources (Uses) | (4,013,457) | - | - | 3,101,132 | (912,325) |
| NET CHANGE IN FUND BALANCE | 30,623,077 | 297,344 | 50,343 | 3,659,718 | 34,630,482 |
| Fund Balance - Beginning | 51,839,315 | 1,041,456 | 1,942,956 | 20,602,005 | 75,425,732 |
| Fund Balance - Ending | \$ 82,462,392 | \$ 1,338,800 | \$ 1,993,299 | \$ 24,261,723 | \$ 110,056,214 |

**LINCOLN UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

Net Change in Fund Balances - Governmental Funds \$ 34,630,482

Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:

Capital outlay:

In governmental funds, the costs of capital assets and lease assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives and lease terms as depreciation expense and amortization expense respectively. The difference between capital outlay expenditures and depreciation expense and amortization expense for the period is:

| | | |
|----------------------------------|-----------------|-------------|
| Expenditures for capital outlay: | \$ 5,446,925 | |
| Depreciation expense: | (8,542,975) | |
| Amortization expense: | <u>(71,884)</u> | (3,167,934) |

Debt service:

In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were: 6,663,885

Unmatured interest on long-term debt:

In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was: 74,790

Accreted interest on long-term debt:

In governmental funds, accreted interest on capital appreciation bonds is not recorded as an expenditure from current sources. In the government-wide statement of activities, however, this is recorded as interest expense for the period. (2,560,783)

Compensated absences:

In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amount earned. The difference between compensated absences paid and compensated absences earned, was: (109,810)

Pensions:

In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was: 4,819,680

**LINCOLN UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

Postemployment benefits other than pensions (OPEB):

In governmental funds, OPEB expenses are recognized when employer contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB costs and actual employer contributions was:

(883,614)

Amortization of debt issuance premium or discount:

In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized over the life of the debt. Amortization of premium or discount for the period is:

480,620

Change in Net Position of Governmental Activities

\$ 39,866,981

**LINCOLN UNIFIED SCHOOL DISTRICT
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
 JUNE 30, 2023**

| | Governmental Activities - Internal Service Fund |
|---------------------------|--|
| ASSETS | |
| Cash and cash equivalents | \$ 257,023 |
| Accounts receivable | 2,024 |
| Due from other funds | 15,896 |
| Total Assets | 274,943 |
| NET POSITION | |
| Restricted Net Position | 274,943 |
| Total Net Position | \$ 274,943 |

**LINCOLN UNIFIED SCHOOL DISTRICT
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2023**

| | Governmental Activities - Internal Service Fund |
|---|--|
| OPERATING REVENUES | |
| Other local sources | \$ 5,341 |
| Total Operating Revenues | <u>5,341</u> |
| OPERATING EXPENSES | |
| Other operating costs | 998,001 |
| Total Operating Expenses | <u>998,001</u> |
| Operating Income (Loss) | <u>(992,660)</u> |
| NONOPERATING REVENUES (EXPENSES) | |
| Transfers in | 912,325 |
| Total Nonoperating Revenues (Expenses) | <u>912,325</u> |
| Change in Net Position | (80,335) |
| Net Position - Beginning | 355,278 |
| Net Position - Ending | <u>\$ 274,943</u> |

**LINCOLN UNIFIED SCHOOL DISTRICT
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2023**

| | Governmental Activities - Internal Service Fund |
|--|--|
| CASH FLOWS FROM OPERATING ACTIVITIES: | |
| Cash from other local revenue | \$ 3,748 |
| Cash paid for operating expenses | (998,001) |
| Total Operating Activities | <u>(994,253)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | |
| Transfers | 896,429 |
| Total Noncapital Financing Activities | <u>896,429</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | (97,824) |
| Cash and Cash Equivalents - Beginning of Year | <u>354,847</u> |
| Cash and Cash Equivalents - End of Year | <u>\$ 257,023</u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO CASH AND CASH EQUIVALENTS PROVIDED (USED) BY OPERATING ACTIVITIES: | |
| Operating income (loss) | \$ (992,660) |
| Changes in operating assets and liabilities: | |
| Accounts receivable | (1,593) |
| Net cash and cash equivalents provided (used) by operating activities | <u>\$ (994,253)</u> |

**LINCOLN UNIFIED SCHOOL DISTRICT
 FIDUCIARY FUND
 STATEMENT OF NET POSITION
 JUNE 30, 2023**

| | Scholarship Trust Fund |
|--|-----------------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 430,011 |
| Total Assets | <u>430,011</u> |
| LIABILITIES | |
| Due to student groups and other agencies | <u>430,011</u> |
| Total Liabilities | <u>\$ 430,011</u> |

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Lincoln Unified School District was established on May 23, 1865 under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades kindergarten through twelve as mandated by the State and/or Federal agencies. The District operates eight elementary, one middle school, one high school and one continuation schools.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For Lincoln Unified School District, this includes general operations, food service, and student related activities of the District.

Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. The District's component units include John McCandless Charter School. For financial reporting purposes, the component units have a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and thus are included in the financial statements of the District.

The District and Community Facilities District No. 1 ("CFD") have a financial and operational relationship which meets the reporting entity definition criteria of the *Codification of Governmental Accounting and Financial Reporting Standards, Section 2100*, for inclusion of CFD as a blended component unit of the District. Therefore, the financial activities of CFD have been included in the financial statements of the District. The following are those aspects of the relationship between the District and CFD which satisfy *Codification of Governmental Accounting and Financial Reporting Standards, Section 2100* criteria:

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Manifestations of Oversight

- CFD's Board of Directors were appointed by the District's Board of Trustees.
- CFD has no employees. The District's Superintendent functions as an agent of CFD. Neither individual received additional compensation for work performed in this capacity.
- The District exercises significant influence over operations of CFD as it is anticipated that the District will be the sole lessee of all facilities owned by CFD.

Accounting for Fiscal Matters

- All major financing arrangements, contracts, and other transactions of CFD must have the consent of the District.
- Any deficits incurred by CFD will be reflected in the lease payments of the District. Any surpluses of CFD revert to the District at the end of the lease period.
- It is anticipated that the District's lease payments will be the sole revenue source of CFD.
- The District has assumed a "moral obligation," and potentially a legal obligation, for any debt incurred by CFD.

Scope of Public Service and Financial Presentation

- CFD was created for the sole purpose of financially assisting the District.
- CFD is a nonprofit, public benefit corporation incorporated under the laws of the State of California and recorded by the Secretary of State. CFD was formed to provide financing assistance to the District for construction and acquisition of major capital facilities. Upon completion the District intends to occupy all CFD facilities. When CFD's Certificates of Participation have been paid with state reimbursements and the District's developer fees, title of all CFD property will pass to the District for no additional consideration.
- CFD's financial activity is presented in the financial statements as the Debt Service for Blended Component Units Fund. Certificates of Participation issued by CFD are included in the government-wide financial statements.

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Other Related Entities

Public Entity Risk Pools and Joint Powers Authorities

The District is associated with five public entity risk pools and one joint powers authorities. These organizations do not meet the criteria for inclusion as component units of the District. Additional information is presented in Note 16 to the financial statements. These organizations are:

San Joaquin County Schools Workers' Compensation Insurance Group
San Joaquin County Schools Property and Liability Insurance Group
San Joaquin County Schools Data Processing Group
Schools Excess Liability Fund
Northern California Regional Liability Excess Fund
Central Valley Schools Health and Welfare Trust

Basis of Presentation

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The District's funds are grouped into three broad range fund categories: governmental, proprietary, and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major and non-major governmental funds.

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Major Governmental Funds

General Fund: The General Fund is the chief operating fund for all Districts. It is used to account for the ordinary operations of a District. All transactions except those required or permitted by law to be in another fund are accounted for in this fund.

Capital Project Fund for Blended Component Units: The Capital Project Fund for Blended Component Units is used to account for capital projects financed by Mello-Roos Community Facility District and similar entities that are considered blended component units of the District under generally accepted accounting principles (GAAP).

Non-Major Governmental Funds

Special Revenue Funds: The Special Revenue Funds are established to account for the proceeds from specific revenue sources (other than trusts or for major capital projects) that are restricted to the financing of particular activities. The District maintains the following special revenue funds:

Adult Education Fund: This fund is used to account separately for federal, state, and local revenues that are restricted or committed for adult education programs (Education Code Sections 52616 and 52501.5).

Charter School Fund: This Special Revenues Fund may be used by authorizing districts to account separately for the activities of district-operated charter schools that would otherwise be reported in the authorizing district's General Fund.

Cafeteria Fund: The Cafeteria Fund is used to account separately for Federal, State and local resources to operate the food service program (Education Code Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (Education Code Sections 38091 and 38100).

Child Development Fund: The Child Development Fund is used to account separately for federal, state, and local revenues to operate child development programs (Education Code Sections 8200 and 8328).

Deferred Maintenance Fund: The Deferred Maintenance Fund is used to account separately for State apportionments and the District's contributions for deferred maintenance purposes (Education Code Sections 17582-17587) and for items of maintenance approved by the State Allocation Board.

Student Activity Fund: The Student Activity Fund is used to account separately for the operating activities of the associated student body accounts that are not fiduciary in nature, including student clubs, general operations, athletics, and other student body activities.

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Non-Major Governmental Funds, continued

Capital Project Funds: The Capital Project Funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). The District maintains the following capital project funds:

Capital Facilities Fund: The Capital Facilities Fund is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act (CEQA).

County School Facilities Fund: The County School Facilities Fund is established pursuant to Education Code Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), or the 2004 State School Facilities Fund (Proposition 55) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (Education Code Section 17070 et seq.).

Special Reserve Capital Outlay Fund: The Special Reserve Fund was used to account for funds set up for Board designated construction projects.

Debt Service Funds: The Debt Service Funds are established to account for the accumulation of resources for and the payment of principal and interest on general long-term debt.

Bond Interest and Redemption Fund: The Bond Interest and Redemption Fund is used for the payment of bonds issued for a District (Education Code Sections 15125-15262).

Debt Service for Blended Component Units Fund: The Debt Service Fund is used to account for debt service purposes of the Community Facilities District.

Proprietary Funds: Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. The District applies all GASB pronouncements, as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Proprietary funds are classified as enterprise or internal service. The District has the following proprietary fund:

Internal Service Fund: Internal service funds may be used to account for any activity for which goods or services are provided to other funds of the District in return for a fee to cover the cost of operations. The District operates a property and liability self-insurance fund that is accounted for in an internal service fund.

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Fiduciary Funds: Fiduciary funds are used to account for assets held in trustee or agent capacity for others that cannot be used to support the District's own programs. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. The key distinction between trust and agency is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

Agency Fund: Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of result of operations. The District's agency fund accounts for student body activities (ASB).

Basis of Accounting – Measurement Focus

Government-Wide Financial Statements: The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District and its component units.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the fiduciary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identified the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Net position should be reported as restricted when constraints placed on net assets use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities result from special revenue funds and the restrictions on their net assets use.

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Fund Financial Statements: Fund financial statements report detailed information about the District. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements.

Governmental Funds: All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (revenues and other finance sources) and uses (expenditures and other financing uses) or current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

Proprietary Funds: Proprietary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the statement of net assets. The statement of changes in fund net assets presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.

Fiduciary Funds: Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District.

Revenues – Exchange and Non-Exchange Transactions: Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. Generally, available is defined as collectible within 90 days. However, to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain gains, and other local sources. Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose restrictions. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Unearned Revenue: Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Certain grants received before the eligibility requirements are met are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as unearned revenue.

Expenses/Expenditures: On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is based on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

Investments

Investments held at June 30, 2023, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county investment pool are determined by the program sponsor.

Prepaid Expenditures

Prepaid expenditures (expenses) represent amounts paid in advance of receiving goods or services. The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefit period. The District has chosen to report the expenditures when incurred.

Store's Inventory

Inventories are recorded using the consumption method, in that inventory acquisitions are initially recorded in inventory (asset) accounts and are charged as expenditures when used. Reported inventories are equally offset by non-spendable fund balance which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets. The District's cafeteria inventory valuation is First-in-First-out (FIFO).

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Lease Receivable

The District's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the District may receive variable lease payments that are dependent upon the lessee's revenue. Any variable payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

Intangible Right of Use Assets

The District has recorded intangible right of use assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized but are expensed as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide statement of net assets. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at estimated fair market value on the date donated.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets is the same as those used for the capital assets of governmental funds.

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements/infrastructure, 5 to 50 years; equipment, 2 to 15 years.

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for deferred charges on refunding of debt, for pension related items, and for OPEB related items. In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for leases, pension and OPEB related items.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for Schools (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value.

Interfund Balances (Due to/from)

In the financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Compensated Absences

Accumulated unpaid vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide statement of net assets. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid.

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave.

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide and proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the governmental funds.

However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from government funds are reported as a liability in the governmental fund financial statements only to the extent that they are due for repayment during the current year. Bonds, capital leases, and other long-term obligations are recognized as liabilities in the governmental fund financial statements when due.

Premiums and Discounts

In the government-wide financial statements and in the proprietary fund type financial statements, long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from MPP's fiduciary net position have been determined on the same basis as they are reported by MPP. For this purpose, MPP recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Fund Balance Reporting

The District reports fund balance within one of the following categories:

Non-spendable such as fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned),

Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resources providers, or through enabling legislation,

Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School District Governing Board (the district's highest level of decision-making authority),

Assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and

Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

Committed Fund Balance Policy For funds that are determined to fall within the "Committed Fund Balance" classification, the Governing Board, as the District's highest level of decision-making authority, may commit fund balance for specific purposes pursuant to constraints imposed by formal actions taken, such as a majority vote or resolution. These committed amounts cannot be used for any other purpose unless the Governing Board removes or changes the specific use through the same type of formal action taken to establish the commitment. Governing Board action to commit fund balance needs to occur within the fiscal reporting period, no later than June 30th; however, the amount can be determined with the release of the financial statements.

Assigned Fund Balance Policy Amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed, should be reported as assigned fund balance. The District delegates the authority to assign amounts to be used for specific purposes to the Chief Business Official for the purpose of reporting these amounts in the financial statements.

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Fund Balance Reporting, continued

Minimum Fund Balance Policy The purpose of the District's fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels because of temporary revenue shortfalls or unpredicted one-time expenditures.

The District has adopted a policy to achieve and maintain unrestricted fund balance in the General Fund of 3 percent of total General Fund expenditures, other uses and transfers out at the close of each fiscal year, consistent with the recommended level promulgated by the State of California.

Order of Fund Balance Spending Policy For which amounts in any of the unrestricted fund balance classifications could be used, the District's policy is to apply expenditures in the following order: committed, assigned, and then unassigned.

First, non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balances amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balances for the non-general fund.

Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues include other local sources. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. All revenues and expenses not meeting this definition such as interest revenue are reported as non-operating revenues and expenses.

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for expenditures/expenses to the funds that initially paid for them are not presented in the financial statements.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Budgetary Data

The budgetary process is prescribed by provisions of the California Education Code and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1st of each year. The District governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for. For purposes of the budget, on behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of San Joaquin bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Change in Accounting Policy

Statement No. 96 – Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription based information technology arrangements (SBITAs) for government end users (governments). Under this Statement, a government generally should recognize a right to-use subscription asset—an intangible asset—and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The statement is effective for fiscal year 2022-23. The District has implemented GASB Statement No. 96 as of June 30, 2023.

New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that may impact future financial presentations.

Statement No. 91 – In May 2019, GASB issued Statement No. 91, Conduit Debt Obligations. This standard's primary objectives are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The statement was postponed by GASB Statement No. 95 and is effective for periods beginning after December 15, 2021. The District has not yet determined the impact on the financial statements.

Statement No. 99 – In April 2022, GASB issued Statement No. 99, Omnibus 2022. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The statement addresses various practice issues, including: (a) clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives, (b) disclosures related to nonmonetary transactions; clarification of provisions in Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, as amended, related to the focus of the government-wide financial statements, (c) terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, and (d) terminology used in Statement 53 to refer to resource flows statements. A portion of this statement was effective upon issuance, while the remaining portions of this statement were effective for periods beginning after June 15, 2022 and for periods beginning after June 15, 2023. The District has implemented the requirements that were effective upon issuance but has not yet determined the impact on the financial statements for the requirements of this statement that are not yet effective.

Statement No. 100 – In June 2022, GASB issued Statement No. 100, Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement is effective for periods beginning after June 15, 2023. The District has not yet determined the impact on the financial statements.

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

New Accounting Pronouncements, continued

Statement No. 101 – In June 2022, GASB issued Statement No. 101, Compensated Absences. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for periods beginning after December 15, 2023. The District has not yet determined the impact on the financial statements

Early implementation is encouraged. The District is in the process of determining the effect on the financial reporting.

NOTE 2 – DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2023, are classified in the accompanying financial statements as follows:

| | Governmental Funds | Self-Insurance Fund | Fiduciary Funds |
|---------------------------|-------------------------------|--------------------------------|----------------------------|
| Cash in county treasury | \$ 107,149,983 | \$ 257,023 | \$ - |
| Cash on hand and in banks | 462,387 | - | 430,011 |
| Cash in revolving fund | 15,000 | - | - |
| Cash awaiting deposit | 342,957 | - | - |
| Total | \$ 107,970,327 | \$ 257,023 | \$ 430,011 |

Policies and Practices

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

Investment in County Treasury – The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 – DEPOSITS AND INVESTMENTS, continued

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

t Report

| Authorized Investment Type | Maximum Maturity | Maximum Percentage of Portfolio | Maximum Investment in One Issuer |
|---|---------------------|---------------------------------------|--|
| Local Agency bonds, Notes, Warrants | 5 years | None | None |
| Registered State Bonds, Notes, Warrants | 5 years | None | None |
| U.S. Treasury Obligations | 5 years | None | None |
| U.S. Agency Securities | 5 years | None | None |
| Banker's Acceptance | 180 days | 40% | 30% |
| Commercial Paper | 270 days | 40% | 10% |
| Negotiable Certificates of Deposit | 5 years | 30% | None |
| Repurchase Agreements | 1 year | None | None |
| Reverse Repurchase Agreements | 92 days | 20% | None |
| Medium-Term Corporate Notes | 5 years | 30% | None |
| Mutual Funds | N/A | 20% | 10% |
| Money Market Mutual Funds | N/A | 20% | 10% |
| Mortgage Pass-Through Securities | 5 years | 20% | None |
| County Pooled Investment Funds | N/A | None | None |
| Local Agency Investment Fund (LAIF) | N/A | None | None |

Authorized Under Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code. These provisions allow for the acquisition of investment agreements with maturities of up to 30 years.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by primarily investing in the San Joaquin County Investment Pool.

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 – DEPOSITS AND INVESTMENTS, continued

Fair Value Measurements

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized - Investments in the San Joaquin County Treasury Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

Weighted Average Maturity

The District monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. Information about the weighted average maturity of the District's portfolio is present in the following schedule:

| Investment Type: | Fair Value | Maturity |
|------------------------------------|-------------------|-----------------|
| San Joaquin County Investment Pool | \$ 106,055,264 | 3.628 years |

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 – DEPOSITS AND INVESTMENTS, continued

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code, the District’s investment policy, or debt agreements, and the actual rating as of the year-end for each investment type. The District’s investments in the county pool are not required to be rated, nor have they been rated as of June 30, 2023.

Custodial Credit Risk – Deposits

The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2023, the carrying amount of the District’s accounts was \$1,250,355 and the bank balance was \$1,249,798. Of the bank balance, \$576,557 was insured by the FDIC, and \$673,798 remained uninsured. Uninsured balances are fully collateralized by the banks in accordance with applicable laws

NOTE 3 – RECEIVABLES

Receivables at June 30, 2023, consisted of intergovernmental grants, entitlements, interest and other local sources. All receivables are considered collectible in full.

| | General Fund | Capital Project for Blended Component Units Fund | Debt Service for Blended Component Units Fund | Non-Major Governmental Funds | Total Governmental Funds | Self-Insurance Fund | Total Governmental Activities |
|---------------------|----------------------|---|--|---|---|--------------------------------|--|
| Federal Government | | | | | | | |
| Categorical aid | \$ 7,510,804 | \$ - | \$ - | \$ 1,292,251 | \$ 8,803,055 | \$ - | \$ 8,803,055 |
| State Government | | | | | | | |
| Other State | 2,623,478 | - | - | 56,779 | 2,680,257 | - | 2,680,257 |
| Lottery | 478,708 | - | - | 33,055 | 511,763 | - | 511,763 |
| LCFF | - | - | - | 22,781 | 22,781 | - | 22,781 |
| Local Government | | | | | | | |
| Other Local Sources | 1,431,751 | 3,643 | 12,954 | 336,580 | 1,784,928 | 2,024 | 1,786,952 |
| Total | \$ 12,044,741 | \$ 3,643 | \$ 12,954 | \$ 1,741,446 | \$ 13,802,784 | \$ 2,024 | \$ 13,804,808 |

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 4 – LEASE RECEIVABLES AND ARRANGEMENTS

The District’s lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the District may receive variable lease payments that are dependent upon the lessee’s revenue. Any variable payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

Future deferred inflows on noncancellable leases at June 30, 2023 are as follows:

| Year End June 30 | Principal | Interest | Total |
|---------------------|------------|-----------|------------|
| 2024 | \$ 31,034 | \$ 7,366 | \$ 38,400 |
| 2025 | 31,978 | 6,422 | 38,400 |
| 2026 | 32,951 | 5,449 | 38,400 |
| 2027 | 33,953 | 4,447 | 38,400 |
| 2028 | 34,986 | 3,414 | 38,400 |
| 2029-2032 | 97,973 | 4,227 | 102,200 |
| Total | \$ 262,875 | \$ 31,325 | \$ 294,200 |

The District leases space on its campuses to cellular companies. In accordance with GASB 87, the District records lease receivables and deferred inflows of resources based on the present value of expected receipts over the term of the respective lease. The expected receipts are discounted using the District’s incremental borrowing rate. Any variable payments are excluded unless fixed in substance.

During the year ended June 30, 2023, the District recognized revenues related to these lease agreements totaling \$38,400. During the year ended June 30, 2023, the District does not have any lease revenue related to variable receipts that were not previously included in the measurement of the lease receivable.

The general terms of the lease agreements are as follows:

| Lease Type | Number of Contracts | Average Rate | Lease Terms | Average Annual Lease Payments |
|---------------------|---------------------|--------------|-----------------------|----------------------------------|
| Other - Cell Towers | 3 | 3.00% | 09/01/1996 - 5/1/2032 | \$ 38,400 |

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 5 – RIGHT OF USE ASSETS

The amount of lease assets by major class of underlying assets as of June 30, 2023, was as follows:

| | Balance July 01, 2022 | Additions | Deductions | Balance June 30, 2023 |
|--------------------------------------|--------------------------|-------------|------------|--------------------------|
| Right-of-use Assets: | | | | |
| Leased - others | \$ 937,796 | \$ - | \$ - | \$ 937,796 |
| Total Intangible Right-of-use Assets | 937,796 | - | - | 937,796 |
| Less Accumulated Amortization | | | | |
| Leased - others | 155,182 | 62,520 | - | 217,702 |
| Total Accumulated Amortization | 155,182 | 62,520 | - | 217,702 |
| Right-of-use Assets, net | \$ 782,614 | \$ (62,520) | \$ - | \$ 720,094 |

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2023, was as follows:

| | Balance July 01, 2022 | Additions | Deductions | Balance June 30, 2023 |
|--|--------------------------|----------------|------------|--------------------------|
| Capital assets not being depreciated | | | | |
| Land | \$ 18,141,034 | \$ - | \$ - | \$ 18,141,034 |
| Construction in progress | 1,464,735 | 5,545,002 | 713,217 | 6,296,520 |
| Total Capital Assets not Being Depreciated | 19,605,769 | 5,545,002 | 713,217 | 24,437,554 |
| Capital assets being depreciated | | | | |
| Buildings and improvements | 210,414,935 | 30,840 | - | 210,445,775 |
| Land improvements | 29,283,477 | 183,228 | - | 29,466,705 |
| Furniture and equipment | 8,204,434 | 401,072 | - | 8,605,506 |
| Total Capital Assets Being Depreciated | 247,902,846 | 615,140 | - | 248,517,986 |
| Less Accumulated Depreciation | | | | |
| Buildings and improvements | 108,936,918 | 6,943,432 | - | 115,880,350 |
| Land improvements | 11,503,116 | 1,173,280 | - | 12,676,396 |
| Furniture and equipment | 5,928,212 | 426,263 | - | 6,354,475 |
| Total Accumulated Depreciation | 126,368,246 | 8,542,975 | - | 134,911,221 |
| Capital Assets, net | \$ 141,140,369 | \$ (2,382,833) | \$ 713,217 | \$ 138,044,319 |

Depreciation expense was charged as a direct expense to governmental functions as follows:

| | |
|---------------------------------|---------------------|
| Governmental Activities: | |
| Unallocated | <u>\$ 8,542,975</u> |

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 – INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances for the year ended June 30, 2023 consisted of the following:

| Payable Fund | Receivable Fund | | | | | | Total |
|------------------------------------|-----------------|--------------------------------|---------------------------------|--------------------------------|---------------------|------|---------------|
| | General Fund | for Blended Component Units | Blended Component Units Fund | Nonmajor Governmental Funds | Self Insurance Fund | | |
| General Fund | \$ - | \$ - | \$ - | \$ 3,562,024 | \$ 15,896 | \$ - | \$ 3,577,920 |
| Capital Project Fund for Blended C | - | - | 3,120,000 | - | - | - | 3,120,000 |
| Debt Service for Blended Compor | - | 2,638,464 | - | - | - | - | 2,638,464 |
| Nonmajor Governemntal Funds | 1,160,938 | - | - | 80,729 | - | - | 1,241,667 |
| Total | \$ 1,160,938 | \$ 2,638,464 | \$ 3,120,000 | \$ 3,642,753 | \$ 15,896 | \$ - | \$ 10,578,051 |

Operating Transfers

Interfund transfers for the year ended June 30, 2023 consisted of the following:

| Transfer Out | Transfer In | | | | Total |
|--------------|--------------|--------------------------------|---------------------|------|--------------|
| | General Fund | Nonmajor Governmental Funds | Self Insurance Fund | | |
| General Fund | \$ 500,000 | \$ 3,101,132 | \$ 912,325 | \$ - | \$ 4,513,457 |
| Total | \$ 500,000 | \$ 3,101,132 | \$ 912,325 | \$ - | \$ 4,513,457 |

Interfund transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 8 – ACCOUNTS PAYABLE

Accounts payable at June 30, 2023, consisted of the following:

| | General Fund | Non-Major Governmental Funds | Total Governmental Funds | District-Wide | Total Governmental Activities |
|-----------------------|---------------------|---|---|----------------------|--|
| Salaries and benefits | \$ 415,707 | \$ 40,258 | \$ 455,965 | \$ - | \$ 455,965 |
| Construction | - | 1,326,156 | 1,326,156 | - | 1,326,156 |
| Interest payable | - | - | - | 1,296,678 | 1,296,678 |
| Vendors payable | 7,531,674 | 143,542 | 7,675,216 | - | 7,675,216 |
| Total | \$ 7,947,381 | \$ 1,509,956 | \$ 9,457,337 | \$ 1,296,678 | \$ 10,754,015 |

NOTE 9 – UNEARNED REVENUE

Unearned revenue at June 30, 2023, consists of the following:

| | General Fund | Non-Major Governmental Funds | Total Governmental Funds |
|---------------------------|---------------------|---|---|
| Federal sources | \$ 832,004 | \$ - | \$ 832,004 |
| State categorical sources | 1,290,376 | 488,753 | 1,779,129 |
| Total | \$ 2,122,380 | \$ 488,753 | \$ 2,611,133 |

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10 – LONG-TERM OBLIGATIONS

Summary

The changes in the District's long-term obligations during the year consisted of the following:

| | Balance July 01, 2022 | Additions | Deductions | Balance June 30, 2023 | Due in One Year |
|-------------------------------|--------------------------|--------------|--------------|--------------------------|--------------------|
| Governmental Activities | | | | | |
| General obligation bonds | \$ 66,074,855 | \$ - | \$ 3,894,068 | \$ 62,180,787 | \$ 2,436,498 |
| Unamortized premium | 4,263,957 | - | 480,620 | 3,783,337 | 480,620 |
| Accreted interest | 24,139,868 | 2,560,783 | 199,068 | 26,501,583 | 235,932 |
| Community facilities bonds | 15,391,568 | - | 1,865,000 | 13,526,568 | 351,594 |
| Certificates of participation | 8,145,000 | - | 515,000 | 7,630,000 | 357,850 |
| Qualified zone academy bond | 190,749 | - | 190,749 | - | - |
| Lease liability | 894,249 | - | 20,754 | 873,495 | 21,738 |
| Compensated absences | 331,031 | 109,810 | - | 440,841 | - |
| Total | \$ 119,431,277 | \$ 2,670,593 | \$ 7,165,259 | \$ 114,936,611 | \$ 3,884,232 |

Payments on the general obligation bonds are made by the bond interest and redemption fund from local property tax revenues. Payments on the certificates of participation are made by the capital facilities fund. The compensated absences are paid for by the funds for which the employees worked.

General obligation bond

The outstanding general obligation bonded debt is as follows:

On February 16, 2005, the District issued General Obligation Bonds totaling \$29,999,379. These serial bonds with interest rates from 3.00% to 6.75% were scheduled to mature in varying amounts through August 2030. With the issuance of the 2013 Refunding Bonds, \$22,615,000 of the 2005 bonds outstanding at June 30, 2013 was considered defeased.

| Year Ended June 30, | Principal | Interest | Accreted Interest | Total |
|------------------------|--------------|----------|-------------------|--------------|
| 2024 | \$ - | \$ - | \$ - | - |
| 2025 | - | - | - | - |
| 2026 | - | - | - | - |
| 2027 | - | - | - | - |
| 2028 | 675,343 | - | 2,319,657 | 2,995,000 |
| 2029-2030 | 1,294,036 | - | 5,045,963 | 6,339,999 |
| Accretion | 4,691,585 | - | (4,691,585) | - |
| Total | \$ 6,660,964 | \$ - | \$ 2,674,035 | \$ 9,334,999 |

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10 – LONG-TERM OBLIGATIONS, continued

On October 25, 2006, the District issued General Obligation Bonds totaling \$12,863,292. These serial bonds with interest rates from 4.00% to 6.82% mature in varying amounts through August 2031.

| Year Ended | Principal | Interest | Accreted Interest | Total |
|------------|---------------|----------|-------------------|---------------|
| June 30, | | | | |
| 2024 | \$ - | \$ - | \$ - | - |
| 2025 | - | - | - | - |
| 2026 | 480,769 | - | 669,231 | 1,150,000 |
| 2027 | 480,987 | - | 729,013 | 1,210,000 |
| 2028 | 476,053 | - | 783,947 | 1,260,000 |
| 2029-2032 | 3,450,483 | - | 9,049,517 | 12,500,000 |
| Accretion | 6,654,117 | - | (6,654,117) | - |
| Total | \$ 11,542,409 | \$ - | \$ 4,577,591 | \$ 16,120,000 |

On August 17, 2007, the District issued General Obligation Bonds totaling \$4,507,885. These serial bonds with interest rates from 3.95% to 5.72% mature in varying amounts through August 2032.

| Year Ended | Principal | Interest | Accreted Interest | Total |
|------------|--------------|----------|-------------------|--------------|
| June 30, | | | | |
| 2024 | \$ 124,312 | \$ - | \$ 70,345 | \$ 194,657 |
| 2025 | 126,856 | - | 79,072 | 205,928 |
| 2026 | 128,966 | - | 88,017 | 216,983 |
| 2027 | 130,497 | - | 97,252 | 227,749 |
| 2028 | 133,403 | - | 108,299 | 241,702 |
| 2029-2033 | 1,736,688 | - | 2,376,655 | 4,113,343 |
| Accretion | 2,972,402 | - | (2,972,402) | - |
| Total | \$ 5,353,124 | \$ - | \$ (152,762) | \$ 5,200,362 |

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10 – LONG-TERM OBLIGATIONS, continued

On March 14, 2008, the District issued General Obligation Bonds totaling \$2,625,860. These serial bonds mature in varying amounts through February 2033 with interest rates from 5.75% to 6.30%. With this issuance, all Measure P General Obligation Bond funds authorized have been issued.

| Year Ended | | | | | |
|------------|--------------|----------|-------------------|--------------|--|
| June 30, | Principal | Interest | Accreted Interest | Total | |
| 2024 | \$ 75,252 | \$ - | \$ 119,748 | \$ 195,000 | |
| 2025 | 94,247 | - | 108,807 | 203,054 | |
| 2026 | 94,247 | - | 118,568 | 212,815 | |
| 2027 | 94,247 | - | 128,797 | 223,044 | |
| 2028 | 92,323 | - | 136,670 | 228,993 | |
| 2029-2033 | 1,394,954 | - | 3,043,446 | 4,438,400 | |
| Accretion | 1,919,331 | - | (1,919,331) | - | |
| Total | \$ 3,764,601 | \$ - | \$ 1,736,705 | \$ 5,501,306 | |

On February 1, 2012, the District issued General Obligation Bonds totaling \$9,297,123. These serial bonds with interest rates from 2.50% to 5.39% mature in varying amounts through August 2037.

Series 2012A:

| Year Ended | | | | | |
|------------|--------------|--------------|-------------------|--------------|--|
| June 30, | Principal | Interest | Accreted Interest | Total | |
| 2024 | \$ 90,000 | \$ 213,319 | \$ - | \$ 303,319 | |
| 2025 | 120,000 | 208,069 | - | 328,069 | |
| 2026 | 155,000 | 201,194 | - | 356,194 | |
| 2027 | 175,357 | 193,119 | 14,643 | 383,119 | |
| 2028 | 188,974 | 184,719 | 31,026 | 404,719 | |
| 2029-2033 | 1,221,302 | 785,647 | 488,698 | 2,495,647 | |
| 2034-2038 | 3,571,491 | 446,340 | 423,509 | 4,441,340 | |
| Accretion | 422,177 | - | (422,177) | - | |
| Total | \$ 5,944,301 | \$ 2,232,407 | \$ 535,699 | \$ 8,712,407 | |

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10 – LONG-TERM OBLIGATIONS, continued

Series 2012A1:

| Year Ended | | | | |
|------------|--------------|--------------|--------------|--|
| June 30, | Principal | Interest | Total | |
| 2024 | \$ 295,000 | \$ 192,570 | \$ 487,570 | |
| 2025 | 300,000 | 178,772 | 478,772 | |
| 2026 | 305,000 | 164,742 | 469,742 | |
| 2027 | 310,000 | 150,480 | 460,480 | |
| 2028 | 320,000 | 135,871 | 455,871 | |
| 2029-2033 | 1,695,000 | 422,219 | 2,117,219 | |
| 2034-2035 | 735,000 | 38,984 | 773,984 | |
| Total | \$ 3,960,000 | \$ 1,283,638 | \$ 5,243,638 | |

On April 1, 2014, the District issued General Obligation Bonds totaling \$14,000,000. These serial bonds with interest rates from 4.00% to 5.00% mature in varying amounts through August 2038.

| Year Ended | | | | |
|------------|---------------|--------------|---------------|--|
| June 30, | Principal | Interest | Total | |
| 2024 | \$ 280,000 | \$ 545,656 | \$ 825,656 | |
| 2025 | 320,000 | 530,656 | 850,656 | |
| 2026 | 360,000 | 513,656 | 873,656 | |
| 2027 | 410,000 | 494,406 | 904,406 | |
| 2028 | 460,000 | 472,657 | 932,657 | |
| 2029-2033 | 3,140,000 | 1,957,632 | 5,097,632 | |
| 2034-2038 | 5,785,000 | 1,091,244 | 6,876,244 | |
| 2039 | 1,750,000 | 37,863 | 1,787,863 | |
| Total | \$ 12,505,000 | \$ 5,643,770 | \$ 18,148,770 | |

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10 – LONG-TERM OBLIGATIONS, continued

On February 1, 2013, the District issued \$21,445,000 of General Obligation Refunding Bonds to refund a portion, \$22,615,000, of the District's outstanding Election of 2004, Series 2005 bonds and to pay costs of issuing the Refunding Bonds. The bonds mature in varying amounts through August 2026 with interest rates from 2.0% to 5.0%.

| Year Ended | | | | |
|------------|--------------|------------|---------------|--|
| June 30, | Principal | Interest | Total | |
| 2024 | \$ 2,035,000 | \$ 352,450 | \$ 2,387,450 | |
| 2025 | 2,215,000 | 256,375 | 2,471,375 | |
| 2026 | 2,430,000 | 140,250 | 2,570,250 | |
| 2027 | 2,650,000 | 39,750 | 2,689,750 | |
| Total | \$ 9,330,000 | \$ 788,825 | \$ 10,118,825 | |

On July 21, 2015, the District issued \$18,460,000 of General Obligation Bonds to finance the acquisition and construction of school facilities project in the District. These Election Bonds of 2012 Series C has an interest rate from 2.00% to 5.00% and matures in varying amounts through August 2039.

| Year Ended | | | | |
|------------|---------------|--------------|---------------|--|
| June 30, | Principal | Interest | Total | |
| 2024 | \$ 295,000 | \$ 763,650 | \$ 1,058,650 | |
| 2025 | 350,000 | 747,525 | 1,097,525 | |
| 2026 | 410,000 | 728,525 | 1,138,525 | |
| 2027 | 465,000 | 706,650 | 1,171,650 | |
| 2028 | 535,000 | 681,650 | 1,216,650 | |
| 2029-2033 | 3,810,000 | 2,993,438 | 6,803,438 | |
| 2034-2038 | 5,300,000 | 1,880,100 | 7,180,100 | |
| 2039-2040 | 6,550,000 | 303,400 | 6,853,400 | |
| Total | \$ 17,715,000 | \$ 8,804,938 | \$ 26,519,938 | |

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10 – LONG-TERM OBLIGATIONS, continued

On February 28, 2018, the District issued \$6,636,000 of General Obligation Refunding Bonds to refund the outstanding maturities of the Lincoln Unified School District General Obligation Bonds Election of 2004, Series 2006, maturing August 1, 2018 through August 1, 2024, in the aggregate principal amount of \$6,505,000. The Bonds shall mature on August 1, 2032 and bear interest at a rate of 2.56%

Series 2018A:

| Year Ended | | | | |
|------------|---------------------|------------------|---------------------|--|
| June 30, | Principal | Interest | Total | |
| 2024 | \$ 987,000 | \$ 32,307 | \$ 1,019,307 | |
| 2025 | 512,000 | 6,554 | 518,554 | |
| Total | <u>\$ 1,499,000</u> | <u>\$ 38,861</u> | <u>\$ 1,537,861</u> | |

Series 2018B:

| Year Ended | | | | |
|------------|-------------------|-------------------|-------------------|--|
| June 30, | Principal | Interest | Total | |
| 2024 | \$ 76,000 | \$ 16,808 | \$ 92,808 | |
| 2025 | 42,000 | 14,444 | 56,444 | |
| 2026 | 5,000 | 13,723 | 18,723 | |
| 2027 | 5,000 | 13,569 | 18,569 | |
| 2028 | 5,000 | 13,416 | 18,416 | |
| 2029-2033 | 433,000 | 55,367 | 488,367 | |
| Total | <u>\$ 566,000</u> | <u>\$ 127,327</u> | <u>\$ 693,327</u> | |

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10 – LONG-TERM OBLIGATIONS, continued

Community facilities bond

The outstanding Community Facilities bonded debt is as follows:

On December 16, 2005, the District issued \$14,995,814 in Special Tax Bonds with interest rates ranging from 3.25% to 5.31%.

| Year Ended June 30, | Principal | Interest | Accreted Interest | Total |
|------------------------|---------------|----------|-------------------|---------------|
| 2024 | \$ - | \$ - | \$ - | - |
| 2025 | - | - | - | - |
| 2026 | 722,148 | - | 1,207,852 | 1,930,000 |
| 2027 | 682,815 | - | 1,247,185 | 1,930,000 |
| 2028 | 646,909 | - | 1,288,091 | 1,935,000 |
| 2029-2033 | 2,723,188 | - | 6,931,812 | 9,655,000 |
| 2034-2037 | 1,685,755 | - | 6,044,245 | 7,730,000 |
| Accretion | 9,390,009 | - | (9,390,009) | - |
| Total | \$ 15,850,824 | \$ - | \$ 7,329,176 | \$ 23,180,000 |

On September 1, 2007, the District issued \$4,890,753 in Special Tax Bonds with interest rates ranging from 3.95% to 5.72%

| Year Ended June 30, | Principal | Interest | Accreted Interest | Total |
|------------------------|------------|----------|-------------------|--------------|
| 2024 | \$ - | \$ - | \$ - | - |
| 2025 | - | - | - | - |
| 2026 | - | - | - | - |
| 2027 | - | - | - | - |
| 2028 | - | - | - | - |
| 2029-2033 | - | - | - | - |
| 2034-2038 | 145,753 | - | 1,999,247 | 2,145,000 |
| Accretion | 451,962 | - | (451,962) | - |
| Total | \$ 597,715 | \$ - | \$ 1,547,285 | \$ 2,145,000 |

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10 – LONG-TERM OBLIGATIONS, continued

On December 20, 2016, The District issued \$16,615,000 in Special Tax Refunding Bonds with interest rates ranging from 2.00% to 5.00%.

| Year Ended | | | | |
|------------|---------------------|---------------------|---------------------|--|
| June 30, | Principal | Interest | Total | |
| 2024 | \$ 1,955,000 | \$ 256,094 | \$ 2,211,094 | |
| 2025 | 2,060,000 | 166,019 | 2,226,019 | |
| 2026 | 220,000 | 119,319 | 339,319 | |
| 2027 | 225,000 | 108,194 | 333,194 | |
| 2028 | 230,000 | 99,119 | 329,119 | |
| 2029-2033 | 1,310,000 | 327,442 | 1,637,442 | |
| 2034-2036 | 920,000 | 55,800 | 975,800 | |
| Total | <u>\$ 6,920,000</u> | <u>\$ 1,131,987</u> | <u>\$ 8,051,987</u> | |

Certificates of Participation

On December 20, 2016, the District issued Certificates of Participation in the amount of \$3,680,000 with interest rate ranging from 2.00% to 5.00%. The net proceeds of the Certificates will be used to prepay the District’s lease payment obligations under a lease agreement dated as of April 1, 2005, fund certain capital facilities of the District and purchase a municipal bond insurance policy and a reserve fund insurance policy for the Certificates, as well as any costs incurred in connection with the execution and delivery of the Certificates.

| Year Ended | | | | |
|------------|---------------------|-------------------|---------------------|--|
| June 30, | Principal | Interest | Total | |
| 2024 | \$ 435,000 | \$ 69,625 | \$ 504,625 | |
| 2025 | 460,000 | 47,250 | 507,250 | |
| 2026 | 480,000 | 23,750 | 503,750 | |
| 2027 | 235,000 | 5,875 | 240,875 | |
| Total | <u>\$ 1,610,000</u> | <u>\$ 146,500</u> | <u>\$ 1,756,500</u> | |

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10 – LONG-TERM OBLIGATIONS, continued

On November 6, 2019, the District issued Certificates of Participation in the amount of \$6,340,000 with interest rate ranging from 2.00% to 5.00%. The net proceeds of the Certificates will be applied to finance capital facility improvement projects in the District.

| Year Ended | | | | |
|------------|--------------|--------------|--------------|--|
| June 30, | Principal | Interest | Total | |
| 2024 | \$ 295,000 | \$ 259,050 | \$ 554,050 | |
| 2025 | 305,000 | 247,050 | 552,050 | |
| 2026 | 315,000 | 234,650 | 549,650 | |
| 2027 | 330,000 | 221,750 | 551,750 | |
| 2028 | 340,000 | 208,350 | 548,350 | |
| 2029-2033 | 1,960,000 | 772,000 | 2,732,000 | |
| 2034-2038 | 2,475,000 | 257,775 | 2,732,775 | |
| Total | \$ 6,020,000 | \$ 2,200,625 | \$ 8,220,625 | |

Leases

The District has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The general terms are as follows:

| Lease Type | Number of Contracts | Average Rate | Lease Terms | Average Annual Lease Payments |
|------------------|---------------------|--------------|------------------------|-------------------------------|
| Land Improvement | 2 | 3.00% | 7/15/2016 - 06/30/2051 | \$ 43,916 |

Future minimum lease payments on noncancellable leases at June 30, 2023 are as follows:

| Year End | | | | |
|-----------|------------|------------|--------------|--|
| June 30 | Principal | Interest | Total | |
| 2024 | \$ 21,738 | \$ 22,526 | \$ 44,264 | |
| 2025 | 22,761 | 21,860 | 44,621 | |
| 2026 | 23,824 | 21,163 | 44,987 | |
| 2027 | 24,928 | 21,933 | 46,861 | |
| 2028 | 26,076 | 21,169 | 47,245 | |
| 2029-2033 | 149,212 | 96,269 | 245,481 | |
| 2034-2038 | 185,320 | 79,340 | 264,660 | |
| 2039-2043 | 182,478 | 58,178 | 240,656 | |
| 2044-2048 | 141,504 | 44,468 | 185,972 | |
| 2049-2051 | 95,654 | 18,794 | 114,448 | |
| Total | \$ 873,495 | \$ 405,700 | \$ 1,279,195 | |

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10 – LONG-TERM OBLIGATIONS, continued

Accumulated Unpaid Employee Vacation

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2023, amounted to \$440,841.

Net Other Post Employment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2023, the District reported net OPEB liability, deferred outflows/(inflows) of resources, and OPEB expense for the following plans:

| OPEB Plan | Net OPEB Liability (Asset) | Deferred Outflows of Resources | Deferred Inflows of Resources | OPEB Expense (Benefit) |
|---------------|-------------------------------|-----------------------------------|----------------------------------|---------------------------|
| District Plan | \$ 12,374,277 | \$ 1,497,000 | \$ 1,217,526 | \$ 992,024 |
| MPP Program | \$ 366,477 | \$ - | \$ - | \$ (108,410) |

The details of each plan are located in note 12 of the financial statements.

NOTE 11 – FUND BALANCES

Fund balances with reservations and designations are comprised of the following elements:

| | General Fund | Capital Project for Blended Component Units Fund | Debt Service for Blended Component Units Fund | Non-Major Governmental Funds | Total Governmental Funds |
|------------------------------------|----------------------|---|--|------------------------------------|--------------------------------|
| Non-spendable | | | | | |
| Revolving cash | \$ 15,000 | \$ - | \$ - | \$ - | \$ 15,000 |
| Stores inventory | 201,504 | - | - | 165,965 | 367,469 |
| Total non-spendable | 216,504 | - | - | 165,965 | 382,469 |
| Restricted | | | | | |
| Legally restricted programs | 24,392,067 | - | - | 2,346,764 | 26,738,831 |
| Capital projects | 1,012,634 | 1,338,800 | - | 4,997,772 | 7,349,206 |
| Debt service | - | - | 1,993,299 | 6,189,628 | 8,182,927 |
| Child nutrition | 915,548 | - | - | 2,950,184 | 3,865,732 |
| Other restricted | 2,060,128 | - | - | - | 2,060,128 |
| Total restricted | 28,380,377 | 1,338,800 | 1,993,299 | 16,484,348 | 48,196,824 |
| Committed | | | | | |
| Other commitments | 22,915,000 | - | - | - | 22,915,000 |
| Total committed | 22,915,000 | - | - | - | 22,915,000 |
| Assigned | | | | | |
| OPEB (Fund 20) | 6,720,449 | - | - | - | 6,720,449 |
| Other assignments | - | - | - | 7,611,410 | 7,611,410 |
| Total assigned | 6,720,449 | - | - | 7,611,410 | 14,331,859 |
| Unassigned | | | | | |
| Reserve for economic uncertainties | 4,111,385 | - | - | - | 4,111,385 |
| Remaining unassigned | 20,118,677 | - | - | - | 20,118,677 |
| Total unassigned | 24,230,062 | - | - | - | 24,230,062 |
| Total | \$ 82,462,392 | \$ 1,338,800 | \$ 1,993,299 | \$ 24,261,723 | \$ 110,056,214 |

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 12 – OTHER POST EMPLOYMENT BENEFITS (RETIREE HEALTH CARE)

Plan Description

Plan administration. The Postemployment Benefit Plan (the "Plan") is a single-employer defined benefit healthcare plan administered by the Lincoln Unified School District. The Plan provides medical, dental and vision insurance benefits to eligible retirees. These benefits are offered as a package through California's Valued Trust (CVT). No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided – Retirees' spouses and eligible dependent children may be covered under the medical/Rx plans; however, the present level of the District caps relative to the premiums results in de facto retiree-only coverage. The same comment holds true for dental and vision coverage. Retirees pay the difference between the total premium and the District cap if they elect to cover dependents under the plan.

| | Management | Certificated | Classified | Confidential Supervisory |
|-------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Benefit types provided | Medical, Dental and Vision | Medical, Dental and Vision | Medical, Dental and Vision | Medical, Dental and Vision |
| Duration of Benefits | To Age 65 | To Age 65 | To Age 65 | To Age 65 |
| Required Service | 10 Years | 10 Years | 20 Years | 10 Years |
| Minimum Age | 55 | 55 | 55 | 55 |
| Dependent Coverage | Yes | Yes | Yes | Yes |
| District Contribution % | 100% | 100% | 100% | 100% |
| District Cap | \$811 per month | \$717 per month | \$811 per month | \$811 per month |

Plan membership - At July 1, 2021, membership consisted of the following:

| | Number of Participants |
|---------------------------------------|------------------------|
| Inactive Employees Receiving Benefits | 31 |
| Active Employees | 925 |
| | <u>956</u> |

Contribution Information

Contributions - The contribution requirements of plan members and the District are established and may be amended by the District, the District's bargaining units and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually through agreements between the District, the District's bargaining units and unrepresented groups.

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 12 – OTHER POST EMPLOYMENT BENEFITS (RETIREE HEALTH CARE), continued

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2023, the District reported a liability of \$12,374,277 for its net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2021. Standard actuarial procedures were used to project/discount from valuation to measurement dates.

For the year ending June 30, 2023, the District recognized OPEB expense of \$992,024. At June 30, 2023, the District reported the following deferred outflows of resources and deferred inflows of resources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 409,468 | \$ 25,061 |
| Change in assumptions | 1,087,532 | 1,192,465 |
| | <u>\$ 1,497,000</u> | <u>\$ 1,217,526</u> |

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

| Year Ended June 30, | Deferred Outflows/(Inflows) of Resources |
|---------------------|--|
| 2024 | \$ 119,746 |
| 2025 | 119,746 |
| 2026 | 119,746 |
| 2027 | 104,201 |
| 2028 | (60,304) |
| Thereafter | (123,661) |
| | <u>\$ 279,474</u> |

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 12 – OTHER POST EMPLOYMENT BENEFITS (RETIREE HEALTH CARE), continued

Actuarial Assumptions

| | |
|----------------------------|---|
| Valuation date | June 30, 2022 |
| Measurement date | June 30, 2023 |
| Fiscal year | July 1st to June 30th |
| Actuarial cost methods | Entry age, level percent of pay |
| Inflation rate | 2.50% |
| Discount rate | 3.86% |
| Payroll increase | 3.00% |
| Healthcare cost trend rate | 6.00 percent for 2023 decreasing to 5.50 percent for 2024, 5.25% for 2025-2029, 5.00% for 2030-2039, 4.75 percent for 2040-2049, 4.50 percent for 2050-2059, 4.50 percent for 2060-2069, and 4.00 percent for 2070 and later years Medicare ages: 4.50 percent for 2023-2069 and 4.00 percent for 2070 and later years |

Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection.

Discount rate. GASB 75 requires a discount rate that reflects the following:

- a) The long-term expected rate of return on OPEB plan investments – to the extent that the OPEB plan’s fiduciary net position (if any) is projected to be sufficient to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;
- b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

To determine a resulting single (blended) rate, the amount of the plan’s projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure the District’s Total OPEB liability is based on these requirements and the following information:

| Reporting Date | Measurement Date | Long-Term Expected Rate of Plan Investments | Municipal Bond 20- Year High Grade Rate Index | Discount Rate |
|----------------|------------------|---|---|---------------|
| June 30, 2023 | June 30, 2023 | 4.00% | 3.86% | 3.86% |

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 12 – OTHER POST EMPLOYMENT BENEFITS (RETIREE HEALTH CARE), continued

Changes in the Total OPEB Liability

| | Increase/(Decrease) | | |
|---|-------------------------|---------------------------------|-------------------------------|
| | Total OPEB Liability | Total Fiduciary Net Position | Net OPEB Liability (Asset) |
| | (a) | (b) | (a) - (b) |
| Balance July 1, 2022 | \$ 11,213,307 | \$ - | \$ 11,213,307 |
| Changes for the year: | | | |
| Service cost | 891,982 | - | 891,982 |
| Interest | 454,346 | - | 454,346 |
| Employer contributions | - | 418,638 | (418,638) |
| Changes of assumptions | 316,364 | - | 316,364 |
| Difference between expected and actual experience | (27,672) | - | (27,672) |
| Expected benefit payments | (474,050) | (418,638) | (55,412) |
| Net change | 1,160,970 | - | 1,160,970 |
| Balance June 30, 2023 | \$ 12,374,277 | \$ - | \$ 12,374,277 |

Sensitivity of the District's Net OPEB liability to Changes in the Discount Rate

The following presents the District's net OPEB liability calculated using the discount rate of 3.86%, as well as what the District's net OPEB liability would be if there were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

| | Discount Rate 1% Lower (2.86%) | Current Discount Rate (3.86%) | Discount Rate 1% Higher (4.86%) |
|--------------------|--------------------------------------|-------------------------------------|---------------------------------------|
| Net OPEB liability | \$ 13,296,704 | \$ 12,374,277 | \$ 11,497,327 |

Sensitivity of the District's Net OPEB liability to Healthcare Cost Trend Rate

The following presents the District's proportionate share of the net OPEB liability calculated using assumed trend rates, as well as what the District's proportionate share of net OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage point higher:

| | Trend Rate 1% Lower (5.00% decreasing to 4.50%) | Current Trend Rate (6.00% decreasing to 5.50%) | Trend Rate 1% Higher (7.00% decreasing to 6.50%) |
|--------------------|--|---|---|
| Net OPEB liability | \$ 10,890,719 | \$ 12,374,277 | \$ 14,136,614 |

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 12 – OTHER POST EMPLOYMENT BENEFITS (RETIREE HEALTH CARE), continued

Medicare Premium Payment (MPP) Program

Plan Description

The Medicare Premium Payment (MPP) Program is administered by the California State Teachers' Retirement System (CalSTRS). The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to Chapter 1032, Statutes 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefits Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan (STRP) Defined Benefit (DB) Program who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A. The payments are made directly to the Centers for Medicare and Medicaid Services (CMS) on a monthly basis.

The MPP Program is closed to new entrants as members who retire after July 1, 2012, are not eligible for coverage under the MPP Program.

Contributions

The MPP Program is funded on a pay-as-you go basis from a portion of monthly District contributions. In accordance with California *Education Code* Section 25930, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the OPEB

At June 30, 2023, the District reported a liability of \$366,477 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2022 and June 30, 2021, respectively, was 0.111 percent and 0.119 percent, resulting in a net decrease in the proportionate share of 0.008 percent. For the year ended June 30, 2023, the District recognized an OPEB expense of (\$108,410).

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 12 – OTHER POST EMPLOYMENT BENEFITS (RETIREE HEALTH CARE), continued

Medicare Premium Payment (MPP) Program, continued

Actuarial Methods and Assumptions

The total OPEB liability for the MPP Program as of June 30, 2023, was determined based on a financial reporting actuarial valuation that used the June 30, 2021 assumptions presented in the table below. The June 30, 2023 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2021, and rolling forward the total OPEB liability to June 30, 2022, using the assumptions listed in the following table:

| | |
|---------------------------|---|
| Valuation Date | June 30, 2021 |
| Measurement Date | June 30, 2022 |
| Actuarial Cost Method | Entry Age Normal |
| Discount Rate | 3.54% |
| Investment Rate of Return | 3.54% |
| Medicare Part A Premium | 4.50% |
| Cost Trend Rate* | |
| Medicare Part B Premium | 5.40% |
| Cost Trend Rate* | |
| Mortality Rate Table* | Derived Using CalSTRS' Membership Data |

*The assumed increase in the Medicare Part A and Part B Cost Trend Rates vary by year; however, the increases are approximately equivalent to a 4.5% and 5.4% increase each year for Medicare Part A and Part B, respectively.

For the valuation as of June 30, 2021, CalSTRS used custom mortality tables based on RP2000 Series tables issued by the Society of Actuaries, adjusted to fit CalSTRS specific experience through June 30, 2015. For the valuation as of June 30, 2018, CalSTRS changed the mortality assumptions based on the July 1, 2015 through June 30, 2018, experience study adopted by the board in January 2020. CalSTRS now uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among the members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2020) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 294 or an average of 0.18 percent of the potentially eligible population of 159,339.

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 12 – OTHER POST EMPLOYMENT BENEFITS (RETIREE HEALTH CARE), continued

Medicare Premium Payment (MPP) Program, continued

Actuarial Methods and Assumptions, continued

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2021 and 2020, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the state treasurer.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2022 and 2021 was 3.54 percent and 2.16 percent, respectively. The MPP Program is funded on a pay-as-you-go basis as described in Note 1, and under the pay-as-you-go method, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.54 percent and 2.16 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2022 and 2021, respectively, was applied to all periods of projected benefit payments to measure the total OPEB liability.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net OPEB liability calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

| | 1% Decrease (2.54%) | Current Discount Rate (3.54%) | 1% Increase (4.54%) |
|---|---------------------------|-------------------------------------|---------------------------|
| Lincoln Unified School District's proportionate share of the MPP's net OPEB liability (asset) | \$ 399,530 | \$ 366,477 | \$ 337,858 |

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Medicare Costs Trend Rates

The following presents the District's proportionate share of the net OPEB liability calculated using the current Medicare cost trend rate, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

| | 1% Decrease (3.5% Part A and 4.4% Part B) | Current Trend Rate (4.5% Part A and 5.4% Part B) | 1% Increase (5.5% Part A and 6.4% Part B) |
|---|--|---|--|
| Lincoln Unified School District's proportionate share of the MPP's net OPEB liability (asset) | \$ 336,257 | \$ 366,477 | \$ 400,734 |

**LINCOLN UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023**

NOTE 13 – RISK MANAGEMENT

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year ending June 30, 2023, the District contracted for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For the fiscal year 2023, the District participated in the San Joaquin County Schools Workers' Compensation Insurance Group, an insurance purchasing pool. The intent of the San Joaquin County Schools Workers' Compensation Insurance Group is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the San Joaquin County Schools Workers' Compensation Insurance Group. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the San Joaquin County Schools Workers' Compensation Insurance Group. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated, and each participant's individual performance is compared to the overall savings percentage. A participant will then either receive money from or be required to contribute to the "equity-pooling fund". This "equity-pooling" arrangement ensures that each participant shares equally in the overall performance of the San Joaquin County Schools Workers' Compensation Insurance Group. Participation in the San Joaquin County Schools Workers' Compensation Insurance Group is limited to districts that can meet the San Joaquin County Schools Workers' Compensation Insurance Group selection criteria.

| Insurance Program/Company Name | Type of Coverage | Limits |
|-----------------------------------|--------------------------------|--|
| San Joaquin County W/C JPA (PIPS) | Worker's Compensation | \$1,000,000 |
| Norcal ReLief | General Liability | \$5,000,000 with \$50,000 retention |
| | Automobile | \$5,000,000 with \$50,000 retention |
| | Property | \$250,250,000 with \$25,000 retention |
| | Student Professional Liability | Included with \$50,000 retention |

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 13 – RISK MANAGEMENT, continued

Employee Medical Benefits

The District has contracted with the Self Insured Schools of California to provide employee medical and surgical benefits for all employees. The entity is a shared risk pool comprised of school districts throughout the state. Rates are set through an annual calculation process. The District pays a monthly contribution to the entity, which is placed in a common fund from which claim payments are made for all participating Districts. Claims are paid for all participants regardless of claims flow. The Board of Directors has a right to return monies to a district subsequent to the settlement of all expenses and claims if a district withdraws from the pool.

NOTE 14 – EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

The District implemented GASB Statement No. 68 and No. 71 for the fiscal year ended June 30, 2023. As a result, the District reported its proportionate share of the net pension liabilities, pension expense and deferred inflow of resources for each of the above plans and a deferred outflow of resources for each of the above plans as follows:

| Pension Plan | Collective Net Pension Liability | Collective Deferred Outflows of Resources | Collective Deferred Inflows of Resources | Collective Pension Expense |
|--------------|-------------------------------------|---|--|-------------------------------|
| CalSTRS | \$ 51,516,314 | \$ 15,312,189 | \$ 10,635,739 | \$ 4,085,388 |
| CalPERS | 39,630,542 | 13,182,249 | 1,579,105 | 5,349,682 |
| Total | \$ 91,146,856 | \$ 28,494,438 | \$ 12,214,844 | \$ 9,435,070 |

California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 14 – EMPLOYEE RETIREMENT SYSTEMS, continued

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and non-employer contributing entity to the STRP.

The District contributes exclusively to the STRP Defined Benefit Program; thus disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2023, are summarized as follows:

| | STRP Defined Benefit Plan | |
|---|---------------------------|--------------------|
| | On or before | On or after |
| Hire date | December 31, 2012 | January 1, 2013 |
| Benefit formula | 2% at 60 | 2% at 62 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | Monthly for life | Monthly for life |
| Retirement age | 60 | 62 |
| Monthly benefits as a percentage of eligible compensation | 2.0% - 2.4% | 2.0% - 2.4% |
| Required employee contribution rate | 10.25% | 10.205% |
| Required employer contribution rate | 19.10% | 19.10% |
| Required state contribution rate | 10.828% | 10.828% |

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 14 – EMPLOYEE RETIREMENT SYSTEMS, continued

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2023, are presented above and the District's total contributions were \$9,322,897.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

| | |
|--|----------------------|
| District's proportionate share of the net pension liability | \$ 51,516,314 |
| State's proportionate share of the net pension liability associated with the District | <u>25,799,521</u> |
| Total | <u>\$ 77,315,835</u> |

The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for measurement period June 30, 2022 and June 30, 2021, respectively, was 0.074 percent and 0.075 percent, resulting in a net decrease in the proportionate share of 0.001 percent.

For the year ended June 30, 2023, the District recognized pension expense of \$4,085,388. In addition, the District recognized pension expense and revenue of (\$1,929,598) for support provided by the State. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Difference between projected and actual earnings on plan investments | \$ - | \$ 2,520,880 |
| Differences between expected and actual experience | 42,259 | 3,862,014 |
| Changes in assumptions | 2,552,929 | - |
| Net changes in proportionate share of net pension liability | 3,394,104 | 4,252,845 |
| District contributions subsequent to the measurement date | 9,322,897 | - |
| Total | <u>\$ 15,312,189</u> | <u>\$ 10,635,739</u> |

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 14 – EMPLOYEE RETIREMENT SYSTEMS, continued

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to pensions will be recognized as follows:

| Year Ended June 30, | Deferred Outflows/(Inflows) of Resources |
|---------------------|--|
| 2024 | \$ (1,503,840) |
| 2025 | (3,812,832) |
| 2026 | (3,086,842) |
| 2027 | 4,468,274 |
| 2028 | (534,014) |
| Thereafter | (177,193) |
| | <u>\$ (4,646,447)</u> |

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2021 and rolling forward the total pension liability to June 30, 2022. The financial reporting actuarial valuation as of June 30, 2021, used the following methods and assumptions, applied to all prior periods included in the measurement:

| | |
|---------------------------|-------------------------------------|
| Valuation date | June 30, 2021 |
| Measurement date | June 30, 2022 |
| Experience study | July 1, 2015, through June 30, 2018 |
| Actuarial cost method | Entry Age Normal |
| Discount rate | 7.10% |
| Investment rate of return | 7.10% |
| Consumer price inflation | 2.75% |
| Wage growth | 3.50% |

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2021) table, issued by the Society of Actuaries.

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 14 – EMPLOYEE RETIREMENT SYSTEMS, continued

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2023, are summarized in the following table:

| Asset Class | Assumed Asset Allocation | Long-term Expected Real Rate of Return* |
|----------------------------|---------------------------------|--|
| Public Equity | 42% | 4.80% |
| Real Estate | 15% | 3.60% |
| Private Equity | 13% | 6.30% |
| Fixed Income | 12% | 1.30% |
| Risk Mitigating Strategies | 10% | 1.80% |
| Inflation Sensitive | 6% | 3.30% |
| Cash/Liquidity | 2% | -0.40% |
| | 100% | |

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

| | 1% Decrease (6.10%) | Current Discount Rate (7.10%) | 1% Increase (8.10%) |
|------------------------------|---------------------------|-------------------------------------|---------------------------|
| Plan's net pension liability | \$ 87,493,808 | \$ 51,516,314 | \$ 21,644,177 |

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) [and the Safety Risk Pool] under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 14 – EMPLOYEE RETIREMENT SYSTEMS, continued

Plan Description, continued

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021 annual actuarial valuation report, Schools Pool Actuarial Valuation, and the Risk Pool Actuarial Valuation Report, Safety. These report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2023, are summarized as follows:

| | School Employer Pool (CalPERS) | |
|---|--------------------------------|--------------------|
| | On or before | On or after |
| | December 31, 2012 | January 1, 2013 |
| Hire date | December 31, 2012 | January 1, 2013 |
| Benefit formula | 2% at 55 | 2% at 62 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | Monthly for life | Monthly for life |
| Retirement age | 55 | 62 |
| Monthly benefits as a percentage of eligible compensation | 1.1% - 2.5% | 1.0% - 2.5% |
| Required employee contribution rate | 7.000% | 7.000% |
| Required employer contribution rate | 25.370% | 25.370% |

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2023, are presented above and the total District contributions were \$4,931,853.

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 14 – EMPLOYEE RETIREMENT SYSTEMS, continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2023, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$39,630,542. The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for measurement period June 30, 2022 and June 30, 2021, respectively, was 0.115 percent and 0.117 percent, resulting in a net decrease in the proportionate share of 0.002 percent.

For the year ended June 30, 2023, the District recognized pension expense of \$5,349,682. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Difference between projected and actual earnings on plan investments | \$ 4,679,290 | \$ - |
| Differences between expected and actual experience | 179,107 | 986,059 |
| Changes in assumptions | 2,931,642 | - |
| Net changes in proportionate share of net pension liability | 460,357 | 593,046 |
| District contributions subsequent to the measurement date | 4,931,853 | - |
| Total | \$ 13,182,249 | \$ 1,579,105 |

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to pensions will be recognized as follows:

| Year Ended June 30, | Deferred Outflows/(Inflows) of Resources |
|---------------------|--|
| 2024 | \$ 1,778,694 |
| 2025 | 1,286,129 |
| 2026 | 860,986 |
| 2027 | 2,745,482 |
| | \$ 6,671,291 |

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 14 – EMPLOYEE RETIREMENT SYSTEMS, continued

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2021 and rolling forward the total pension liability to June 30, 2022. The financial reporting actuarial valuation as of June 30, 2021, used the following methods and assumptions, applied to all prior periods included in the measurement:

| | |
|---------------------------|-------------------------------------|
| Valuation date | June 30, 2021 |
| Measurement date | June 30, 2022 |
| Experience study | July 1, 1997, through June 30, 2015 |
| Actuarial cost method | Entry Age Normal |
| Discount rate | 6.90% |
| Investment rate of return | 6.90% |
| Consumer price inflation | 2.50% |
| Wage growth | Varies by entry age and service |

The mortality table used was developed based on CalPERS-specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Class* | Assumed Asset Allocation | Real Return Years 1 - 10** |
|--------------------------------|---------------------------------|-----------------------------------|
| Global Equity - cap-weighted | 30% | 4.45% |
| Global Equity non-cap-weighted | 12% | 3.84% |
| Private Equity | 13% | 7.28% |
| Treasury | 5% | 0.27% |
| Mortgage-backed Securities | 5% | 0.50% |
| Investment Grade Corporates | 10% | 1.56% |
| High Yield | 5% | 2.27% |
| Emerging Market Debt | 5% | 2.48% |
| Private Debt | 5% | 3.57% |
| Real Assets | 15% | 3.21% |
| Leverage | -5% | -0.59% |
| | 100% | |

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 14 – EMPLOYEE RETIREMENT SYSTEMS, continued

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

| | 1% Decrease (5.90%) | Current Discount Rate (6.90%) | 1% Increase (7.90%) |
|------------------------------|---------------------------|-------------------------------------|---------------------------|
| Plan's net pension liability | \$ 57,248,325 | \$ 39,630,542 | \$ 25,070,092 |

Social Security

As established by Federal law, all public sector employees who are not members of their employer’s existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use social security. Contributions made by the District and an employee vest immediately. The District contributes 6.2% of an employee’s gross earnings and employees are required to contribute an additional 6.2% of gross earnings.

On-Behalf Payments

The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately \$4,138,734 to CalSTRS.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2023.

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 15 – COMMITMENTS AND CONTINGENCIES, continued

Litigation

The District is involved in various legal litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2023.

NOTE 16 – PARTICIPATION IN PUBLIC ENTITY RISK POOLS, JOINT POWER AUTHORITIES AND OTHER RELATED PARTY TRANSACTIONS

The District is a member of the San Joaquin County School Workers' Compensation Insurance Group, San Joaquin County Schools Property and Liability Insurance Group public entity risk pools, the San Joaquin County Schools Data Processing Center Joint Power Authorities (JPA) Northern California Regional Liability Excess Fund, Schools Association for Excess Risk, and Central Valley Schools Health and Welfare Trust. The relationships between the District, the pools, and the JPA's are such that they are not component units of the District for financial reporting purposes. Financial information for CVSHWT was not available. The following is a summary of financial information for the other JPA's as June 30, 2022 (the latest information available):

| | SJCSWC JPA | SJCSPL JPA | NCRLF | SJCSDPC | SAFER |
|------------------------|---------------|---------------|---------------|--------------|----------------|
| Total assets | \$ 15,215,303 | \$ 2,089,012 | \$ 74,201,109 | \$ 1,810,030 | \$ 34,471,514 |
| Total liabilities | \$ 544,798 | \$ 394,628 | \$ 41,042,148 | \$ 17,760 | \$ 35,199,355 |
| Net position | \$ 14,670,505 | \$ 1,694,384 | \$ 33,158,961 | \$ 1,792,270 | \$ (727,841) |
| Total revenues | \$ 9,391,876 | \$ 2,925,697 | \$ 80,060,372 | \$ 3,615,147 | \$ 110,785,587 |
| Total expenses | \$ 9,425,843 | \$ 2,827,637 | \$ 77,583,166 | \$ 3,976,483 | \$ 113,419,076 |
| Change in net position | \$ (33,967) | \$ 98,060 | \$ 2,477,206 | \$ (361,336) | \$ (2,633,489) |

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, transactions between the entities and the District are included in these statements. Audited financial statements are available from the respective entities.

REQUIRED SUPPLEMENTARY INFORMATION

**LINCOLN UNIFIED SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2023**

| | Budgeted Amounts* | | Actual* (Budgetary Basis) | Variances - Final to Actual |
|--|----------------------|----------------------|------------------------------|--------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| LCFF sources | \$ 87,874,730 | \$ 103,048,208 | \$ 102,923,888 | \$ (124,320) |
| Federal sources | 14,489,869 | 17,922,322 | 15,624,890 | (2,297,432) |
| Other state sources | 9,432,181 | 30,438,018 | 31,821,995 | 1,383,977 |
| Other local sources | 2,978,502 | 6,729,109 | 8,233,083 | 1,503,974 |
| Total Revenues | 114,775,282 | 158,137,657 | 158,603,856 | 466,199 |
| EXPENDITURES | | | | |
| Certificated salaries | 48,769,229 | 48,893,410 | 50,588,157 | 1,694,747 |
| Classified salaries | 16,847,826 | 18,088,032 | 18,106,032 | 18,000 |
| Employee benefits | 30,215,188 | 28,402,572 | 27,703,461 | (699,111) |
| Books and supplies | 8,146,681 | 14,219,986 | 9,011,250 | (5,208,736) |
| Services and other operating expenditures | 11,399,024 | 14,594,607 | 13,950,088 | (644,519) |
| Capital outlay | 270,000 | 6,084,488 | 2,348,385 | (3,736,103) |
| Other outgo | | | | |
| Excluding transfers of indirect costs | 2,312,617 | 2,620,512 | 2,781,425 | 160,913 |
| Transfers of indirect costs | (519,138) | (553,817) | (521,476) | 32,341 |
| Total Expenditures | 117,441,427 | 132,349,790 | 123,967,322 | (8,382,468) |
| Excess (Deficiency) of Revenues Over Expenditures | (2,666,145) | 25,787,867 | 34,636,534 | (7,916,269) |
| Other Financing Sources (Uses): | | | | |
| Transfers in | 500,000 | 500,000 | 500,000 | - |
| Transfers out | (2,357,397) | (4,527,048) | (4,513,457) | 13,591 |
| Net Financing Sources (Uses) | (1,857,397) | (4,027,048) | (4,013,457) | 13,591 |
| NET CHANGE IN FUND BALANCE | (4,523,542) | 21,760,819 | 30,623,077 | 8,862,258 |
| Fund Balance - Beginning | 51,839,315 | 51,839,315 | 51,839,315 | - |
| Fund Balance - Ending | \$ 47,315,773 | \$ 73,600,134 | \$ 82,462,392 | \$ 8,862,258 |

* Amounts include reclassifications from the implementation of GASB 54.

**LINCOLN UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2023**

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---------------|---------------|---------------|---------------|---------------|
| Total OPEB liability | | | | | |
| Service cost | \$ 891,982 | \$ 856,422 | \$ 762,008 | \$ 657,729 | \$ 610,042 |
| Interest | 454,346 | 244,371 | 283,734 | 327,796 | 327,730 |
| Changes of assumptions | 316,364 | (1,548,425) | 374,656 | 527,842 | 613,658 |
| Difference between expected and actual experience | (27,672) | - | 107,886 | - | 770,288 |
| Benefit payments | (474,050) | (418,638) | (495,410) | (558,988) | (495,900) |
| Net change in total OPEB liability | 1,160,970 | (866,270) | 1,032,874 | 954,379 | 1,825,818 |
| Total OPEB liability, beginning of year | 11,213,307 | 12,079,577 | 11,046,703 | 10,092,324 | 8,266,506 |
| Total OPEB liability, end of year (a) | \$ 12,374,277 | \$ 11,213,307 | \$ 12,079,577 | \$ 11,046,703 | \$ 10,092,324 |
| Plan fiduciary net position | | | | | |
| Employer contributions | \$ 474,050 | \$ 418,638 | \$ 495,410 | \$ 558,988 | \$ 495,900 |
| Expected benefit payments | (474,050) | (418,638) | (495,410) | (558,988) | (495,900) |
| Change in plan fiduciary net position | - | - | - | - | - |
| Fiduciary trust net position, beginning of year | - | - | - | - | - |
| Fiduciary trust net position, end of year (b) | \$ - | \$ - | \$ - | \$ - | \$ - |
| Net OPEB liability, ending (a) - (b) | \$ 12,374,277 | \$ 11,213,307 | \$ 12,079,577 | \$ 11,046,703 | \$ 10,092,324 |
| Covered payroll | \$ 59,887,072 | \$ 56,408,571 | \$ 66,101,560 | \$ 60,441,183 | \$ 64,248,231 |
| Plan fiduciary net position as a percentage of the total OPEB liability | 0% | 0% | 0% | 0% | 0% |
| Net OPEB liability as a percentage of covered payroll | 21% | 20% | 18% | 18% | 16% |

Note: In the future, as data becomes available, ten years of information will be presented.

**LINCOLN UNIFIED SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS – OPEB
FOR THE YEAR ENDED JUNE 30, 2023**

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018* |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| Actuarially determined contribution | \$ 374,496 | \$ 450,223 | \$ 398,973 | \$ 478,691 | \$ 402,153 | \$ - |
| Contributions in relations to the actuarially determined contribution | 351,226 | 318,404 | 380,056 | 558,988 | 495,500 | 533,971 |
| Contribution deficiency (excess) | \$ 23,270 | \$ 131,819 | \$ 18,917 | \$ (80,297) | \$ (93,347) | \$ (533,971) |
| Covered-employee payroll | \$ 59,887,072 | \$ 56,408,571 | \$ 66,101,560 | \$ 60,441,183 | \$ 64,248,231 | \$ 58,911,516 |
| Contribution as a percentage of covered-employee payroll | 0.59% | 0.56% | 0.57% | 0.92% | 0.77% | 0.91% |

*An actuarially determined contribution was not calculated.

Note: In the future, as data becomes available, ten years of information will be presented.

**LINCOLN UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB
LIABILITY – MPP PROGRAM
FOR THE YEAR ENDED JUNE 30, 2023**

| | Measurement Date | | | | | |
|--|------------------|---------------|---------------|---------------|---------------|---------------|
| | June 30, 2021 | June 30, 2021 | June 30, 2020 | June 30, 2019 | June 30, 2018 | June 30, 2017 |
| District's proportion of the net OPEB liability | 0.1111% | 0.119% | 0.131% | 0.119% | 0.123% | 0.123% |
| District's Proportionate Share of the Net OPEB Liability/(Asset) | \$ 366,477 | \$ 474,887 | \$ 554,749 | \$ 444,150 | \$ 469,607 | \$ 469,607 |
| District's Covered-Employee Payroll | N/A* | N/A* | N/A* | N/A* | N/A* | N/A* |
| Plan's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered-Employee Payroll | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total OPEB Liability | -0.94% | -0.80% | -0.71% | -0.81% | -0.40% | 0.01% |

*As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not applicable.

Note: In the future, as data becomes available, ten years of information will be presented.

LINCOLN UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2023

| | Reporting Fiscal Year (Measurement Date) | | | | |
|---|---|----------------|----------------|----------------|----------------|
| | 2023 (2022) | 2022 (2021) | 2021 (2020) | 2020 (2019) | 2019 (2018) |
| CalSTRS | | | | | |
| District's proportion of the net pension liability | 0.0741% | 0.0746% | 0.0846% | 0.0772% | 0.0780% |
| District's proportionate share of the net pension liability | \$ 51,516,314 | \$ 33,970,390 | \$ 82,028,819 | \$ 69,694,899 | \$ 71,703,849 |
| State's proportionate share of the net pension liability associated with the District | 25,799,521 | 17,092,938 | 42,285,524 | 38,023,527 | 41,055,781 |
| Total | \$ 77,315,835 | \$ 51,063,328 | \$ 124,314,343 | \$ 107,718,426 | \$ 112,759,630 |
| District's covered - employee payroll | \$ 45,016,785 | \$ 43,531,709 | \$ 41,821,600 | \$ 45,646,085 | \$ 42,132,940 |
| District's proportionate Share of the net pension liability as percentage of covered-employee payroll | 114% | 78% | 196% | 153% | 157% |
| Plan fiduciary net position as a percentage of the total pension liability | 81% | 87% | 72% | 73% | 71% |

| | Reporting Fiscal Year (Measurement Date) | | | | |
|---|---|----------------|----------------|----------------|----------------|
| | 2023 (2022) | 2022 (2021) | 2021 (2020) | 2020 (2019) | 2019 (2018) |
| CalPERS | | | | | |
| District's proportion of the net pension liability | 0.1152% | 0.1171% | 0.1153% | 0.1169% | 0.1112% |
| District's proportionate share of the net pension liability | \$ 39,630,542 | \$ 23,816,603 | \$ 35,372,033 | \$ 34,055,717 | \$ 29,660,058 |
| District's covered - employee payroll | \$ 17,647,320 | \$ 16,807,527 | \$ 16,616,576 | \$ 16,276,998 | \$ 14,963,807 |
| District's proportionate Share of the net pension liability as percentage of covered-employee payroll | 225% | 142% | 213% | 209% | 182% |
| Plan fiduciary net position as a percentage of the total pension liability | 70% | 81% | 70% | 70% | 71% |

Note: In the future, as data becomes available, ten years of information will be presented.

LINCOLN UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2023

| | Reporting Fiscal Year (Measurement Date) | | | |
|---|---|----------------|----------------|----------------|
| | 2018 (2017) | 2017 (2016) | 2016 (2015) | 2015 (2014) |
| CalSTRS | | | | |
| District's proportion of the net pension liability | 0.073% | 0.074% | 0.082% | 0.068% |
| District's proportionate share of the net pension liability | \$ 67,454,078 | \$ 59,697,245 | \$ 55,018,091 | \$ 39,602,988 |
| State's proportionate share of the net pension liability associated with the District | 39,905,263 | 33,984,577 | 29,098,505 | 23,920,205 |
| Total | \$ 107,359,341 | \$ 93,681,822 | \$ 84,116,596 | \$ 63,523,193 |
| District's covered - employee payroll | \$ 39,169,193 | \$ 38,121,156 | \$ 35,506,404 | \$ 31,946,618 |
| District's proportionate Share of the net pension liability as percentage of covered-employee payroll | 172% | 157% | 155% | 124% |
| Plan fiduciary net position as a percentage of the total pension liability | 69% | 70% | 74% | 77% |
| | | | | |
| | Reporting Fiscal Year (Measurement Date) | | | |
| | 2018 (2017) | 2017 (2016) | 2016 (2015) | 2015 (2014) |
| CalPERS | | | | |
| District's proportion of the net pension liability | 0.109% | 0.108% | 0.104% | 0.100% |
| District's proportionate share of the net pension liability | \$ 26,084,150 | \$ 21,375,330 | \$ 15,315,572 | \$ 11,363,787 |
| District's covered - employee payroll | \$ 13,642,456 | \$ 12,961,213 | \$ 11,626,661 | \$ 10,390,928 |
| District's proportionate Share of the net pension liability as percentage of covered-employee payroll | 191% | 165% | 132% | 109% |
| Plan fiduciary net position as a percentage of the total pension liability | 72% | 74% | 79% | 83% |

Note: In the future, as data becomes available, ten years of information will be presented.

**LINCOLN UNIFIED SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS – PENSIONS
JUNE 30, 2023**

| CalSTRS | Reporting Fiscal Year | | | | |
|---|-----------------------|---------------|---------------|---------------|---------------|
| | 2023 | 2022 | 2021 | 2020 | 2019 |
| Statutorily required contribution | \$ 9,322,897 | \$ 7,616,840 | \$ 7,030,371 | \$ 7,582,256 | \$ 7,431,183 |
| District's contributions in relation to the statutorily required contribution | 9,322,897 | 7,616,840 | 7,030,371 | 7,582,256 | 7,431,183 |
| District's contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - |
| District's covered-employee payroll | \$ 48,810,979 | \$ 45,016,785 | \$ 43,531,709 | \$ 41,821,600 | \$ 45,646,085 |
| District's contributions as a percentage of covered-employee payroll | 19.10% | 16.92% | 16.15% | 18.13% | 16.28% |

| CalPERS | Reporting Fiscal Year | | | | |
|---|-----------------------|---------------|---------------|---------------|---------------|
| | 2023 | 2022 | 2021 | 2020 | 2019 |
| Statutorily required contribution | \$ 4,931,853 | \$ 4,043,001 | \$ 3,479,158 | \$ 3,276,955 | \$ 2,939,951 |
| District's contributions in relation to the statutorily required contribution | 4,931,853 | 4,043,001 | 3,479,158 | 3,276,955 | 2,939,951 |
| District's contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - |
| District's covered-employee payroll | \$ 19,439,704 | \$ 17,647,320 | \$ 16,616,576 | \$ 16,276,998 | \$ 14,963,807 |
| District's contributions as a percentage of covered-employee payroll | 25.37% | 22.91% | 19.72% | 18.06% | 15.50% |

Note: In the future, as data becomes available, ten years of information will be presented.

**LINCOLN UNIFIED SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS – PENSIONS
JUNE 30, 2023**

| CaSTRS | Reporting Fiscal Year | | | |
|---|-----------------------|---------------|---------------|---------------|
| | 2018 | 2017 | 2016 | 2015 |
| Statutorily required contribution | \$ 6,023,590 | \$ 4,927,203 | \$ 4,083,781 | \$ 3,152,807 |
| District's contributions in relation to the statutorily required contribution | 6,023,590 | 4,927,203 | 4,083,781 | 3,152,807 |
| District's contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - |
| District's covered-employee payroll | \$ 42,132,940 | \$ 39,169,193 | \$ 38,121,156 | \$ 35,506,404 |
| District's contributions as a percentage of covered-employee payroll | 14.30% | 12.58% | 10.71% | 8.88% |
| | Reporting Fiscal Year | | | |
| | 2018 | 2017 | 2016 | 2015 |
| CaPERS | | | | |
| Statutorily required contribution | \$ 2,319,233 | \$ 1,894,650 | \$ 1,530,519 | \$ 1,363,877 |
| District's contributions in relation to the statutorily required contribution | 2,319,233 | 1,894,650 | 1,530,519 | 1,363,877 |
| District's contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - |
| District's covered-employee payroll | \$ 14,963,807 | \$ 13,642,456 | \$ 12,961,213 | \$ 11,626,661 |
| District's contributions as a percentage of covered-employee payroll | 15.50% | 13.89% | 11.81% | 11.73% |

Note: In the future, as data becomes available, ten years of information will be presented.

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and provisions of the California *Education Code*. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

This schedule presents information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations, for the general and deferred maintenance funds.

Schedule of Changes in the Net OPEB Liability and Related Ratios

This schedule presents information on the District's changes in the total OPEB liability, including beginning and ending balances, and the total OPEB liability. In the future, as data becomes available, ten years of information will be presented.

Change in Benefit Terms - There were no changes in benefit terms since the previous valuation for other postemployment benefits.

Change of Assumptions - The plans discount rate was changed from 3.69 percent to 3.86 percent since the previous valuation.

Schedule of Contributions – OPEB

This schedule presents information on the District's actuarially determined contribution, contributions in relation to the actuarially determined contribution, and any excess or deficiency related to the actuarially determined contribution. In the future, as data becomes available, ten years of information will be presented.

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 1 – PURPOSE OF SCHEDULES, continued

Schedule of the Proportionate Share of the Net OPEB Liability - MPP Program

Changes in Benefit Terms - There were no changes in the benefit terms since the previous valuation.

Changes of Assumptions - The plans discount rate was changed from 2.16 percent to 3.54 percent since the previous valuation.

Schedule of the Proportionate Share of the Net Pension Liability

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's proportion (percentage) of the collective net pension liability, the District's proportionate share (amount) of the collective net pension liability, the District's covered-employee payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

Changes in Benefit Terms - There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.

Changes of Assumptions - There were no changes in assumptions since the previous valuation for CalSTRS. The plans discount rate was changed from 7.15 percent to 6.90 percent since the previous valuation for CalPERS.

Schedule of Contributions – Pensions

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's statutorily or contractually required employer contribution, the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the difference between the statutorily or contractually required employer contribution and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the District's covered-employee payroll, and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percentage of the District's covered-employee payroll.

SUPPLEMENTARY INFORMATION

**LINCOLN UNIFIED SCHOOL DISTRICT
 LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
 JUNE 30, 2023**

ORGANIZATION

The Lincoln Unified School District, a political subdivision of the State of California, was established on May 23, 1865. All of the District's schools are located in San Joaquin County within 7.2 square miles. There were no changes in the boundaries of the District during the year. The District consists of eight elementary schools, one middle school, one high school, one alternative education high school and a dependent charter school.

GOVERNING BOARD

| Name | Office | Term Expires |
|-------------------|----------------------|---------------|
| Ashley Jones | President | December 2024 |
| Sandra Chan | Vice President/Clerk | December 2024 |
| Allyson Aranda | Member | December 2026 |
| Tivoli Walker | Member | December 2026 |
| Bonnie Centers | Member | December 2026 |
| Lelia Cottin-Rack | Student Member | June 2024 |

ADMINISTRATION

Kelly Dextraze
Superintendent

Rebecca Hall
Associate Superintendent, Business Services

Lori Green
Associate Superintendent, Education Services

Michele Marquez Tatum
Associate Superintendent, Human Resources

**LINCOLN UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

| Federal Grantor/Pass-Through Grantor/Program or Cluster | AL Number | Pass-Through Entity Identifying Number | Federal Expenditures |
|---|--------------|---|-------------------------|
| U.S. Department of Agriculture: | | | |
| <i>Passed through California Department of Education:</i> | | | |
| Child Nutrition Cluster: | | | |
| National School Lunch Program | 10.555 | 13391 | \$ 3,781,179 |
| Supply Chain Assistance (SCA) Funds | 10.555 | 15655 | 218,838 |
| Summer Food Service Program Operations | 10.559 | 13004 | 94,146 |
| Subtotal Child Nutrition Cluster | | | <u>4,094,163</u> |
| Total U. S. Department of Agriculture | | | <u>4,094,163</u> |
| U.S. Department of Education: | | | |
| <i>Passed through California Department of Education:</i> | | | |
| Special Education Cluster (IDEA): | | | |
| IDEA Basic Grant Entitlement | 84.027 | 13379 | 1,532,012 |
| IDEA Preschool Local Entitlement, Part B, Section 611 | 84.027A | 13682 | 13,892 |
| IDEA Preschool Grants, Part B, Section 619 | 84.173 | 13430 | 28,063 |
| Subtotal Special Education Cluster (IDEA) | | | <u>1,573,967</u> |
| Education Stabilization Fund (ESF) Programs: | | | |
| Elementary and Secondary School Emergency Relief II (ESSER II) Fund | 84.425D | 15547 | 3,102,505 |
| Elementary and Secondary School Emergency Relief III (ESSER III) Fund | 84.425D | 15559 | 6,377,475 |
| Expanded Learning Opportunities (ELO) Grant ESSER II State Reserve | 84.425D | 15618 | 933,685 |
| Expanded Learning Opportunities (ELO) Grant GEER II | 84.425C | 15619 | 214,289 |
| Subtotal Education Stabilization Fund (ESF) Programs | | | <u>10,627,954</u> |
| Title III, English Learner Student Program | 84.365 | 14346 | 62,679 |
| Title I, Part A, Basic Grants Low-Income and Neglected | 84.010 | 14329 | 1,767,448 |
| ESSA School Improvement (CSI) Funding for LEAs | 84.010 | 15438 | 274,353 |
| Title II, Part A, Supporting Effective Instruction | 84.367 | 14341 | 626,834 |
| Carl D. Perkins Career and Technical Education: Secondary, Section 131 | 84.048 | 14894 | 71,379 |
| Total U. S. Department of Education | | | <u>15,004,614</u> |
| U.S. Department of Health and Human Services: | | | |
| <i>Passed through California Department of Health Services:</i> | | | |
| Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act- One-time Stipend | 93.575 | 15555 | 50,692 |
| Child Development: ARP California State Preschool Program One-time Stipend | 93.575 | 15640 | 28,580 |
| Total U. S. Department of Health and Human Services | | | <u>79,272</u> |
| Total Federal Expenditures | | | <u>\$ 19,178,049</u> |

**LINCOLN UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2023**

| Grade Level | Minutes Requirement | 2022-23 | Number of Days | | Status |
|--------------|---------------------|----------------|----------------------|---------------------|----------|
| | | Actual Minutes | Traditional Calendar | Multitrack Calendar | |
| Kindergarten | 36,000 | 40,500 | 180 | N/A | Complied |
| Grade 1 | 50,400 | 53,950 | 180 | N/A | Complied |
| Grade 2 | 50,400 | 53,950 | 180 | N/A | Complied |
| Grade 3 | 50,400 | 53,950 | 180 | N/A | Complied |
| Grade 4 | 54,000 | 54,260 | 180 | N/A | Complied |
| Grade 5 | 54,000 | 54,260 | 180 | N/A | Complied |
| Grade 6 | 54,000 | 54,260 | 180 | N/A | Complied |
| Grade 7 | 54,000 | 57,330 | 180 | N/A | Complied |
| Grade 8 | 54,000 | 57,330 | 180 | N/A | Complied |
| Grade 9 | 64,800 | 64,867 | 180 | N/A | Complied |
| Grade 10 | 64,800 | 64,867 | 180 | N/A | Complied |
| Grade 11 | 64,800 | 64,867 | 180 | N/A | Complied |
| Grade 12 | 64,800 | 64,867 | 180 | N/A | Complied |

John McCandless Charter School

| Grade Level | Minutes Requirement | 2022-23 | Number of Days | | Status |
|--------------|---------------------|----------------|----------------------|---------------------|----------|
| | | Actual Minutes | Traditional Calendar | Multitrack Calendar | |
| Kindergarten | 36,000 | 37,800 | 180 | N/A | Complied |
| Grade 1 | 50,400 | 64,490 | 180 | N/A | Complied |
| Grade 2 | 50,400 | 64,490 | 180 | N/A | Complied |
| Grade 3 | 50,400 | 64,490 | 180 | N/A | Complied |
| Grade 4 | 54,000 | 64,490 | 180 | N/A | Complied |
| Grade 5 | 54,000 | 64,490 | 180 | N/A | Complied |
| Grade 6 | 54,000 | 66,160 | 180 | N/A | Complied |
| Grade 7 | 54,000 | 66,160 | 180 | N/A | Complied |

**LINCOLN UNIFIED SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

There were no adjustments to the Unaudited Actual Financial Report which require reconciliation to the audited financial statements for the year ended June 30, 2023.

**LINCOLN UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

| | 2024 (Budget) | 2023 | 2022 | 2021 |
|---|----------------------|----------------|----------------|----------------|
| General Fund - Budgetary Basis** | | | | |
| Revenues and Other Financing Sources | \$ 141,727,976 | \$ 159,103,856 | \$ 119,046,524 | \$ 119,120,299 |
| Expenditures and Other Financing Uses | 149,528,846 | 128,480,779 | 109,357,692 | 105,956,537 |
| Net Change in Fund Balance | (7,800,870) | 30,623,077 | 9,688,832 | 13,163,762 |
| Ending Fund Balance | \$ 74,661,522 | \$ 82,462,392 | \$ 51,839,315 | \$ 42,150,483 |
| Available Reserves* | \$ 14,370,352 | \$ 24,230,062 | \$ 11,229,296 | \$ 13,599,497 |
| Available Reserves as a Percentage of Outgo | 9.6% | 18.9% | 10.3% | 12.8% |
| Long-term Debt | \$ 214,939,989 | \$ 218,824,221 | \$ 188,906,464 | \$ 253,272,049 |
| Average Daily Attendance | | | | |
| District ADA at P-2 | 7,985 | 7,619 | 7,698 | 8,434 |
| Charter ADA at P-2 | 428 | 428 | 407 | 448 |
| Total ADA at P-2 | 8,413 | 8,047 | 8,105 | 8,882 |

* Available reserves consist of all unassigned fund balances and all funds reserved for economic uncertainty contained within the General Fund.

**This schedule reflects General Fund budgetary fund basis, which includes the Special Reserve for Post-Employment Benefits.

The General Fund balance has increased by \$40,311,909 over the past two years. The fiscal year 2023-24 budget projects a budget decrease of \$7,800,870. For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, transfers out, and other uses (total outgo).

Total long-term obligations have decreased by \$34,447,828 over the past two years.

Average daily attendance has decreased by 835 over the past two years. An increase of 366 ADA is anticipated during fiscal year 2023-24.

**LINCOLN UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2023**

| Charter School | Number | Included in Audit Report |
|--------------------------------|---------------|-------------------------------------|
| John McCandless Charter School | 1732 | Yes |

**LINCOLN UNIFIED SCHOOL DISTRICT
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2023**

| | Student Activity Special Revenue Fund | Charter School Fund | Adult Education Fund | Child Development Fund | Cafeteria Fund |
|--|--|--------------------------------|---------------------------------|---------------------------------------|-----------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 461,387 | \$ 3,090,534 | \$ (7,572) | \$ 908,546 | \$ 1,895,538 |
| Accounts receivable | - | 253,093 | - | 163,162 | 1,242,265 |
| Due from other funds | - | 964,030 | 12,331 | 160,569 | - |
| Stores inventory | - | - | - | - | 165,965 |
| Total Assets | \$ 461,387 | \$ 4,307,657 | \$ 4,759 | \$ 1,232,277 | \$ 3,303,768 |
| LIABILITIES | | | | | |
| Accounts Payable | \$ - | \$ 123,122 | \$ 95 | \$ 14,759 | \$ 45,824 |
| Due to other funds | - | 956,972 | 4,664 | 132,413 | 141,795 |
| Ueared revenue | - | 159,713 | - | 329,040 | - |
| Total Liabilities | - | 1,239,807 | 4,759 | 476,212 | 187,619 |
| FUND BALANCES | | | | | |
| Nonspendable | - | - | - | - | 165,965 |
| Restricted | | | | | |
| Educational programs | 461,387 | 1,129,312 | - | 756,065 | - |
| Capital projects | - | - | - | - | - |
| Debt service | - | - | - | - | - |
| Child nutrition | - | - | - | - | 2,950,184 |
| Assigned | | | | | |
| Other assignments | - | 1,938,538 | - | - | - |
| Total Fund Balances | 461,387 | 3,067,850 | - | 756,065 | 3,116,149 |
| Total Liabilities and Fund Balances | \$ 461,387 | \$ 4,307,657 | \$ 4,759 | \$ 1,232,277 | \$ 3,303,768 |

**LINCOLN UNIFIED SCHOOL DISTRICT
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2023**

| Deferred Maintenance Fund | Capital Facilities Fund | County School Facilities Fund | Special Reserve for Capital Outlay Projects Fund | Bond Interest and Redemption Fund | Total Non-Major Governmental Funds |
|--|------------------------------------|--|---|--|---|
| \$ 4,046,033 | \$ 187,973 | \$ 5,174,045 | \$ 5,823 | \$ 6,189,628 | \$ 21,951,935 |
| 34,406 | 921 | 47,599 | - | - | 1,741,446 |
| 2,505,823 | - | - | - | - | 3,642,753 |
| - | - | - | - | - | 165,965 |
| \$ 6,586,262 | \$ 188,894 | \$ 5,221,644 | \$ 5,823 | \$ 6,189,628 | \$ 27,502,099 |
| \$ 913,390 | \$ 28,481 | \$ 384,285 | \$ - | \$ - | \$ 1,509,956 |
| - | - | - | 5,823 | - | 1,241,667 |
| - | - | - | - | - | 488,753 |
| 913,390 | 28,481 | 384,285 | 5,823 | - | 3,240,376 |
| - | - | - | - | - | 165,965 |
| - | - | - | - | - | 2,346,764 |
| - | 160,413 | 4,837,359 | - | - | 4,997,772 |
| - | - | - | - | 6,189,628 | 6,189,628 |
| - | - | - | - | - | 2,950,184 |
| 5,672,872 | - | - | - | - | 7,611,410 |
| 5,672,872 | 160,413 | 4,837,359 | - | 6,189,628 | 24,261,723 |
| \$ 6,586,262 | \$ 188,894 | \$ 5,221,644 | \$ 5,823 | \$ 6,189,628 | \$ 27,502,099 |

**LINCOLN UNIFIED SCHOOL DISTRICT
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2023**

| | Student Activity Special Revenue Fund | Charter School Fund | Adult Education Fund | Child Development Fund | Cafeteria Fund |
|--|---|------------------------|-------------------------|------------------------------|---------------------|
| REVENUES | | | | | |
| LCFF sources | \$ - | \$ 4,590,863 | \$ - | \$ - | \$ - |
| Federal sources | - | 49,986 | - | 28,158 | 4,094,163 |
| Other state sources | - | 1,457,672 | 91,357 | 1,529,307 | 2,045,282 |
| Other local sources | 326,361 | 69,980 | - | 783,594 | 27,397 |
| Total Revenues | 326,361 | 6,168,501 | 91,357 | 2,341,059 | 6,166,842 |
| EXPENDITURES | | | | | |
| Current | | | | | |
| Instruction | - | 2,873,938 | 62,326 | 1,828,159 | - |
| Instruction-related services | | | | | |
| Instructional supervision and administration | - | 2,936 | 36,446 | 303,652 | - |
| Instructional library, media, and technology | - | 48,383 | - | - | - |
| School site administration | - | 543,492 | - | 130,496 | - |
| Pupil services | | | | | |
| Home-to-school transportation | - | 7,950 | - | - | - |
| Food services | - | - | - | - | 4,844,722 |
| All other pupil services | - | 104,039 | - | - | - |
| General administration | | | | | |
| Centralized data processing | - | 16,168 | - | - | - |
| All other general administration | - | 895,895 | 4,664 | 132,347 | 141,795 |
| Plant services | - | 238,267 | - | - | 10,263 |
| Facilities acquisition and maintenance | - | - | - | 12,099 | - |
| Ancillary services | 319,664 | - | - | - | - |
| Debt service | | | | | |
| Principal | - | - | - | - | - |
| Interest and other | - | - | - | - | - |
| Total Expenditures | 319,664 | 4,731,068 | 103,436 | 2,406,753 | 4,996,780 |
| Excess (Deficiency) of Revenues Over Expenditures | 6,697 | 1,437,433 | (12,079) | (65,694) | 1,170,062 |
| Other Financing Sources (Uses) | | | | | |
| Transfers in | - | 89,053 | 12,079 | - | - |
| Net Financing Sources (Uses) | - | 89,053 | 12,079 | - | - |
| NET CHANGE IN FUND BALANCE | 6,697 | 1,526,486 | - | (65,694) | 1,170,062 |
| Fund Balance - Beginning | 454,690 | 1,541,364 | - | 821,759 | 1,946,087 |
| Fund Balance - Ending | \$ 461,387 | \$ 3,067,850 | \$ - | \$ 756,065 | \$ 3,116,149 |

**LINCOLN UNIFIED SCHOOL DISTRICT
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2023**

| Deferred Maintenance Fund | Capital Facilities Fund | County School Facilities Fund | Special Reserve for Capital Outlay Projects Fund | Bond Interest and Redemption Fund | Total Non-Major Governmental Funds |
|---------------------------------|----------------------------|----------------------------------|--|--------------------------------------|--|
| \$ 690,424 | \$ - | \$ - | \$ - | \$ - | \$ 5,281,287 |
| - | - | - | - | 8,317 | 4,180,624 |
| - | - | - | - | 41,446 | 5,165,064 |
| 91,176 | 119,726 | 132,956 | 29 | 6,502,049 | 8,053,268 |
| 781,600 | 119,726 | 132,956 | 29 | 6,551,812 | 22,680,243 |
| - | - | - | - | - | 4,764,423 |
| - | - | - | - | - | 343,034 |
| - | - | - | - | - | 48,383 |
| - | - | - | - | - | 673,988 |
| - | - | - | - | - | 7,950 |
| - | - | - | - | - | 4,844,722 |
| - | - | - | - | - | 104,039 |
| - | - | - | - | - | 16,168 |
| - | - | - | - | - | 1,174,701 |
| - | - | - | - | - | 248,530 |
| 2,110,649 | 53,473 | 913,116 | 80,227 | - | 3,169,564 |
| - | - | - | - | - | 319,664 |
| - | - | - | - | 3,894,068 | 3,894,068 |
| - | - | - | - | 2,512,423 | 2,512,423 |
| 2,110,649 | 53,473 | 913,116 | 80,227 | 6,406,491 | 22,121,657 |
| (1,329,049) | 66,253 | (780,160) | (80,198) | 145,321 | 558,586 |
| 3,000,000 | - | - | - | - | 3,101,132 |
| 3,000,000 | - | - | - | - | 3,101,132 |
| 1,670,951 | 66,253 | (780,160) | (80,198) | 145,321 | 3,659,718 |
| 4,001,921 | 94,160 | 5,617,519 | 80,198 | 6,044,307 | 20,602,005 |
| \$ 5,672,872 | \$ 160,413 | \$ 4,837,359 | \$ - | \$ 6,189,628 | \$ 24,261,723 |

See note to supplementary information.

LINCOLN UNIFIED SCHOOL DISTRICT
NOTE TO THE SUPPLEMENTARY INFORMATION
JUNE 30, 2023

NOTE 1 – PURPOSES OF SCHEDULES

Local Education Agency Organization Structure

This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration.

Schedule of Expenditures of Federal Awards

The accompanying schedule of expenditures of Federal awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amount consists primarily of Federal Interest Subsidies.

| Description | CFDA Number | Amount |
|---|----------------|----------------------|
| Total Federal Revenues From the Statement of Revenues, Expenditures and Changes in Fund Balances: | | \$ 19,805,514 |
| Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act- One-time Stipend | 93.575 | 50,692 |
| Child Development: ARP California State Preschool Program One-time Stipend | 93.575 | 28,580 |
| Child Development: ARP California State Preschool Program - Rate Supplements | 93.575 | (28,158) |
| Substance Use Prevention Grant | 93.387 | (157,700) |
| Friday Night Live Fees | N/A | (5,500) |
| Title IV, Part A, Student Support and Academic Enrichment Grants | 84.424 | (241,449) |
| Title II, Part A, Supporting Effective Instruction | 84.367 | (265,613) |
| Federal Interest Subsidy on Qualified School Construction Bonds | N/A | (8,317) |
| Total Schedule of Expenditures of Federal Awards | | <u>\$ 19,178,049</u> |

Indirect Cost Rate – The District has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Sub-recipients – The District did not provide federal awards to sub-recipients during the year ended June 30, 2023.

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTE TO THE SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

NOTE 1 – PURPOSES OF SCHEDULES, continued

Schedule of Instructional Time and Schedule of Instructional Time – Charter School

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206.

Districts must maintain their instructional minutes at the 1986-87 requirement as required by *Education Code* Section 46201.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual Financial Report to the audited financial statements.

Schedule of Financial Trends and Analysis

This schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern for a reasonable period of time.

Schedule of Charter Schools

This schedule provides information for the California Department of Education to monitor financial reporting by Charter Schools.

Non-Major Governmental Funds – Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance

The Non-Major Governmental Funds Combining Balance Sheet and Combining Statement of Revenues, Expenditures and Changes in Fund Balance is included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance.

OTHER INDEPENDENT AUDITORS' REPORTS



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Governing Board
Lincoln Unified School District
Stockton, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lincoln Unified School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Lincoln Unified School District's basic financial statements, and have issued our report thereon dated December 15, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lincoln Unified School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lincoln Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Lincoln Unified School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lincoln Unified School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CWDL, Certified Public Accountants

San Diego, California
December 15, 2023



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Governing Board
Lincoln Unified School District
Stockton, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lincoln Unified School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Lincoln Unified School District's major federal programs for the year ended June 30, 2023. Lincoln Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Lincoln Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Lincoln Unified School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Lincoln Unified School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Lincoln Unified School District's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Lincoln Unified School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate it would influence the judgment made by a reasonable user of the report on compliance about Lincoln Unified School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Lincoln Unified School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Lincoln Unified School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Lincoln Unified School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

CWDL, Certified Public Accountants

San Diego, California
December 15, 2023



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Governing Board
Lincoln Unified School District
Stockton, California

Report on State Compliance

Opinion on State Compliance

We have audited Lincoln Unified School District's (District) compliance with the requirements specified in the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to the District's state program requirements identified below for the year ended June 30, 2023.

In our opinion, Lincoln Unified School District complied, in all material respects, with the laws and regulations of the state programs noted in the table below for the year ended June 30, 2023.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above, and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Lincoln Unified School District's state programs.

Auditors’ Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District’s compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District’s compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances;
- Obtain an understanding of the District’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District’s compliance with the state laws and regulations applicable to the following items:

| PROGRAM NAME | PROCEDURES PERFORMED |
|---|-----------------------------|
| Local Education Agencies Other than Charter Schools: | |
| A. Attendance | Yes |
| B. Teacher Certification and Misassignments | Yes |
| C. Kindergarten Continuance | Not applicable |
| D. Independent Study | Not applicable |
| E. Continuation Education | Yes |
| F. Instructional Time | Yes |
| G. Instructional Materials | Yes |
| H. Ratio of Administrative Employees to Teachers | Yes |
| I. Classroom Teacher Salaries | Yes |
| J. Early Retirement Incentive | Not applicable |
| K. Gann Limit Calculation | Yes |
| L. School Accountability Report Card | Yes |
| M. Juvenile Court Schools | Not Applicable |
| N. Middle or Early College High Schools | Not applicable |
| O. K-3 Grade Span Adjustment | Yes |
| P. Transportation Maintenance of Effort | Yes |

| PROGRAM NAME | PROCEDURES PERFORMED |
|--|-----------------------------|
| School Districts, County Offices of Education, and Charter Schools: | |
| Q. Apprenticeship: Related and Supplemental Instruction | Not applicable |
| R. Comprehensive School Safety Plan | Yes |
| S. District of Choice | Not applicable |
| TT. Home to School Transportation Reimbursement | Yes |
| UU. Independent Study Certification for ADA Loss Mitigation | Not applicable |
| T. California Clean Energy Jobs Act | Not applicable |
| U. After/Before School Education and Safety Program | Yes |
| V. Proper Expenditure of Education Protection Account Funds | Yes |
| W. Unduplicated Local Control Funding Formula Pupil Counts | Yes |
| X. Local Control and Accountability Plan | Yes |
| Y. Independent Study-Course Based | Not applicable |
| Z. Immunizations | Not applicable |
| AZ. Educator Effectiveness | Yes |
| BZ. Expanded Learning Opportunities Grant (ELO-G) | Yes |
| CZ. Career Technical Education Incentive Grant | Yes |
| EZ. Transitional Kindergarten | Yes |
| Charter Schools: | |
| AA. Attendance | Yes |
| BB. Mode of Instruction | Yes |
| CC. Nonclassroom-Based Instruction/Independent Study | Not applicable |
| DD. Determination of Funding for Nonclassroom-Based Instruction | Not applicable |
| EE. Annual Instructional Minutes - Classroom Based | Yes |
| FF. Charter School Facility Grant Program | Not applicable |

The term Not Applicable is used above to mean either the District did not offer the program during the current fiscal year or the program applies to a different type of local education agency.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies or material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention from those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

CWDL, Certified Public Accountants

San Diego, California
December 15, 2023

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**LINCOLN UNIFIED SCHOOL DISTRICT
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2023**

FINANCIAL STATEMENTS

| | |
|---|----------------------|
| Type of auditors' report issued: | <u>Unmodified</u> |
| Is a going concern emphasis-of-matter paragraph included in the auditors' report? | <u>No</u> |
| Internal control over financial reporting: | |
| Material weakness(es) identified? | <u>No</u> |
| Significant deficiency(ies) identified? | <u>None Reported</u> |
| Non-compliance material to financial statements noted? | <u>No</u> |

FEDERAL AWARDS

| | |
|---|----------------------|
| Internal control over major program: | |
| Material weakness(es) identified? | <u>No</u> |
| Significant deficiency(ies) identified? | <u>None Reported</u> |
| Type of auditors' report issued: | <u>Unmodified</u> |
| Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a) | <u>No</u> |
| Identification of major programs: | |

| | |
|-------------------------|--|
| <u>CFDA Number(s)</u> | <u>Name of Federal Program of Cluster</u> |
| <u>84.425C, 84.425D</u> | <u>Education Stabilization Fund (ESF) Programs</u> |

| | |
|--|-------------------|
| Dollar threshold used to distinguish between Type A and Type B programs: | <u>\$ 750,000</u> |
| Auditee qualified as low-risk auditee? | <u>Yes</u> |

STATE AWARDS

| | |
|---|-------------------|
| Type of auditors' report issued on compliance for state programs: | <u>Unmodified</u> |
|---|-------------------|

**LINCOLN UNIFIED SCHOOL DISTRICT
FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023**

| FIVE DIGIT CODE | AB3627 FINDING TYPES |
|------------------------|-----------------------------|
| 20000 | Inventory of Equipment |
| 30000 | Internal Control |
| 60000 | Miscellaneous |

There were no financial statement findings for the year ended June 30, 2023.

**LINCOLN UNIFIED SCHOOL DISTRICT
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

FIVE DIGIT CODE

50000

AB3627 FINDING TYPES

Federal Compliance

There were no federal award findings or questioned costs for the year ended June 30, 2023.

**LINCOLN UNIFIED SCHOOL DISTRICT
 STATE AWARD FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2023**

| <u>FIVE DIGIT CODE</u> | <u>AB3627 FINDING TYPES</u> |
|------------------------|--|
| 10000 | Attendance |
| 40000 | State Compliance |
| 42000 | Charter School Facilities Program |
| 43000 | Apprenticeship: Related and Supplemental Instruc |
| 60000 | Miscellaneous |
| 61000 | Classroom Teacher Salaries |
| 62000 | Local Control Accountability Plan |
| 70000 | Instructional Materials |
| 71000 | Teacher Missassignments |

There were no state award findings or questioned costs for the year ended June 30, 2023.

**LINCOLN UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023**

There were no prior year findings reported for the year ended June 30, 2022.